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<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Filing at a Glance

Company:	Pharmacists Mutual Insurance Company
Product Name:	Businessowners - Medical Malpractice
State:	Illinois
TOI:	11.0 Medical Malpractice - Claims Made/Occurrence
Sub-TOI:	11.0021 Pharmacy
Filing Type:	Rate/Rule
Date Submitted:	09/11/2013
SERFF Tr Num:	PHAR-129169403
SERFF Status:	Closed-Filed
State Tr Num:	PHAR-129169403
State Status:	
Co Tr Num:	IL-BOP-08-13-RR-MM
Effective Date	11/15/2013
Requested (New):	
Effective Date	12/15/2013
Requested (Renewal):	
Author(s):	Heidi Allen, Janine MacVey, Jen Swift, Damon Berkland, Jocelyn Whitaker
Reviewer(s):	Gayle Neuman (primary), Julie Rachford
Disposition Date:	01/10/2014
Disposition Status:	Filed
Effective Date (New):	11/15/2013
Effective Date (Renewal):	12/15/2013
State Filing Description:	
	routed 9/13/13

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<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## General Information

Project Name: IL BOP 2013	Status of Filing in Domicile: Authorized
Project Number: IL-BOP-08-13-RR-MM	Domicile Status Comments:
Reference Organization: AAIS	Reference Number:
Reference Title:	Advisory Org. Circular:
Filing Status Changed: 01/10/2014	
State Status Changed:	Deemer Date:
Created By: Jocelyn Whitaker	Submitted By: Jocelyn Whitaker
Corresponding Filing Tracking Number: PHAR-129171460	

### Filing Description:

Pharmacists Mutual Insurance Company is a member of AAIS for our Businessowners Program in your state. We are filing a revision to our rating for Pharmacy Professional Liability Coverage. Through analysis of our internal company data, we have determined indicated rates for our pharmacy professional liability coverage. The selected rates will provide an overall change of 0.8%.

We would like for these revisions to become effective for all new business written on or after November 1, 2013 and for all renewal business written on or after December 1, 2013.

## Company and Contact

### Filing Contact Information

Jocelyn Whitaker,	jocelyn.whitaker@phmic.com
PO Box 370	800-247-5930 [Phone]
Algona, IA 50511	

### Filing Company Information

Pharmacists Mutual Insurance Company	CoCode: 13714	State of Domicile: Iowa
808 Highway 18 West	Group Code: 775	Company Type: Mutual
P.O. Box 370	Group Name: PMC	State ID Number:
Algona, IA 50511	FEIN Number: 42-0223390	
(800) 247-5930 ext. [Phone]		

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## Filing Fees

Fee Required?	No
Retaliatory?	No
Fee Explanation:	

## State Specific

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<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
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Refer to our checklists prior to submitting filing ([http://www.idfpr.com/DOI/Prop\\_Cas\\_IS3\\_Checklists/IS3\\_Checklists.htm](http://www.idfpr.com/DOI/Prop_Cas_IS3_Checklists/IS3_Checklists.htm)): yes

Refer to our updated (04/06/2007) SERFF General Instructions prior to submitting filing. They have been updated to clarify what rates and rules are required to be filed as well as what rates and rules are not required to be filed. Also, the "Product Name" is the Filing Title and not the Project Number.: yes

NO RATES and/or RULES ARE REQUIRED TO BE FILED FOR LINES OF COVERAGE SUCH AS COMMERCIAL AUTO (except taxicabs), BURGLARY AND THEFT, GLASS, FIDELITY, SURETY, COMMERCIAL GENERAL LIABILITY, CROP HAIL, COMMERCIAL PROPERTY, DIRECTORS AND OFFICERS, ERRORS AND OMISSIONS, COMMERCIAL MULTI PERIL just to mention a few. However, a Summary Sheet (RF-3) is required to be filed. Please refer to the State Specific Field below for what rates/rules are required to be filed and to our checklists for specific statutes, regulations, etc. :

[http://insurance.illinois.gov/Prop\\_Cas\\_IS3\\_Checklists/IS3\\_Checklists.asp](http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp) .: yes

Medical Malpractice rates/rules may now be submitted using SERFF effective January 1, 2012.: yes

The only rates and/or rules that are required to be filed are Homeowners, Mobile Homeowners, Dwelling Fire and Allied Lines, Workers' Compensation, Liquor Liability, Private Passenger Automobiles, Taxicabs, Motorcycles and Group Inland Marine Insurance which only applies to insurance involving personal property owned by, being purchased by or pledged as collateral by individuals, and not used in any business, trade or profession per Regulation Part 2302 which says in part, "each company shall file with the Director of Insurance each rate, rule and minimum premium before it is used in the State of Illinois.": yes

When selecting a form filing type for a multiple form filing, use the dominant type from these choices: APP - application; CER - certificate; COF - coverage form; DPS - declaration page; END - endorsement; POJ - policy jacket; ORG - Companies adopting an Advisory or Rating Organization's filing. Example: If you are submitting a policy as well as endorsements, a declaration page and an application, you would select "POL" for policy.: N/A

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Correspondence Summary

### Dispositions

Status	Created By	Created On	Date Submitted
Filed	Gayle Neuman	01/10/2014	01/10/2014

### Objection Letters and Response Letters

#### Objection Letters

Status	Created By	Created On	Date Submitted
Pending Industry Response	Gayle Neuman	09/12/2013	09/12/2013
Pending Industry Response	Gayle Neuman	09/12/2013	09/12/2013

#### Response Letters

Responded By	Created On	Date Submitted
Jocelyn Whitaker	09/13/2013	09/13/2013
Jocelyn Whitaker	09/12/2013	09/12/2013

### Amendments

Schedule	Schedule Item Name	Created By	Created On	Date Submitted
Rate	Countrywide Businessowners Exception Pages 08 13	Jocelyn Whitaker	09/11/2013	09/11/2013
Supporting Document	Side by side comparison of Manual Supplement Changes	Jocelyn Whitaker	09/11/2013	09/11/2013
Rate	IL Businessowers Manual Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13	Jocelyn Whitaker	09/11/2013	09/11/2013

### Filing Notes

Subject	Note Type	Created By	Created On	Date Submitted
Effective dates	Note To Reviewer	Jocelyn Whitaker	01/08/2014	01/08/2014
effective day	Note To Filer	Gayle Neuman	01/08/2014	01/08/2014
Actuarial Review	Reviewer Note	Julie Rachford	01/03/2014	

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Disposition

Disposition Date: 01/10/2014  
Effective Date (New): 11/15/2013  
Effective Date (Renewal): 12/15/2013  
Status: Filed

Comment:

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Pharmacists Mutual Insurance Company	39.700%	0.800%	\$5,220	392	\$653,778	%	%

Schedule	Schedule Item	Schedule Item Status	Public Access
Supporting Document	Explanatory Memorandum		Yes
Supporting Document	Form RF3 - (Summary Sheet)		Yes
Supporting Document	Certification		Yes
Supporting Document	Request to Maintain Data as Trade Secret Information		Yes
Supporting Document	Manual		Yes
Supporting Document (revised)	Side by side comparison of Manual Supplement Changes		Yes
Supporting Document	Pharmacy Professional Liability Rate Indication		No
Supporting Document	Explanation of Changes to Entire Businessowners Program		No
Supporting Document	Side by side comparison of Manual Supplement Changes		Yes
Supporting Document	Side by side comparison of Manual Supplement Changes		Yes
Rate (revised)	Countrywide Businessowners Exception Pages 08 13		Yes
Rate	Countrywide Businessowners Exception Pages 06 12b		Yes
Rate	IL Businessowners Manual Exception Pages - Supplemental 08 13		Yes
Rate (revised)	IL Businessowners Manual Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13		Yes
Rate	IL Businessowners Manual Exception Page - Professional Liability - Medical Malpractice Supplemental 01 13		Yes

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<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

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## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	09/12/2013
Submitted Date	09/12/2013
Respond By Date	09/19/2013

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Dear Jocelyn Whitaker,

**Introduction:**

*This is to acknowledge receipt of your filing. Your submission is not acceptable for filing in Illinois due to the following reasons:*

*Thank you for explaining that the +0.8% does not include those other coverages. Has the liquor liability been filed separately? And although separate and although other lines don't require rate/rule manuals, you are still required to submit the RF-3 for any lines of business regardless. Please confirm this has been completed.*

**Conclusion:**

*Sign up to get e-mail notification for updates to the Department's website. <http://insurance.illinois.gov/RSS/>*

*Please refer to the appropriate Property Casualty IS3 Review Requirements Checklist before submitting any filing. The checklists are available at the Department's Web site or at the following link:*

*[http://insurance.illinois.gov/Prop\\_Cas\\_IS3\\_Checklists/IS3\\_Checklists.asp](http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp)*

*Please submit compliant form(s) no later than the date shown above or the entire filing may be disapproved. Please be advised that when the Director disapproves the form(s) you must immediately cease using the form(s) in Illinois.*

*Please give this matter your immediate attention. If you have any question regarding this filing please feel free to contact me.*

*Sincerely,*

*Gayle Neuman*

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**State:** Illinois **Filing Company:** Pharmacists Mutual Insurance Company  
**TOI/Sub-TOI:** 11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy  
**Product Name:** Businessowners - Medical Malpractice  
**Project Name/Number:** IL BOP 2013/IL-BOP-08-13-RR-MM

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## Objection Letter

Objection Letter Status	Pending Industry Response
Objection Letter Date	09/12/2013
Submitted Date	09/12/2013
Respond By Date	09/19/2013

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Dear Jocelyn Whitaker,

**Introduction:**

*This is to acknowledge receipt of your filing. Your submission is not acceptable for filing in Illinois due to the following reasons:*

*Numerous rate changes are consolidated into this filing. The RF-3 should reflect how each increase effects the different coverages. Changes made to liquor liability will require a separate rate/rule filing for that line of coverage.*

*Additionally, the description should include, for example, "changes to deductibe factors...". The description provided is very generic.*

**Conclusion:**

*Sign up to get e-mail notification for updates to the Department's website. <http://insurance.illinois.gov/RSS/>*

*Please refer to the appropriate Property Casualty IS3 Review Requirements Checklist before submitting any filing. The checklists are available at the Department's Web site or at the following link:*

*[http://insurance.illinois.gov/Prop\\_Cas\\_IS3\\_Checklists/IS3\\_Checklists.asp](http://insurance.illinois.gov/Prop_Cas_IS3_Checklists/IS3_Checklists.asp)*

*Please submit compliant form(s) no later than the date shown above or the entire filing may be disapproved. Please be advised that when the Director disapproves the form(s) you must immediately cease using the form(s) in Illinois.*

*Please give this matter your immediate attention. If you have any question regarding this filing please feel free to contact me.*

*Sincerely,*

*Gayle Neuman*

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**State:** Illinois **Filing Company:** Pharmacists Mutual Insurance Company  
**TOI/Sub-TOI:** 11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy  
**Product Name:** Businessowners - Medical Malpractice  
**Project Name/Number:** IL BOP 2013/IL-BOP-08-13-RR-MM

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## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	09/13/2013
Submitted Date	09/13/2013

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Dear Gayle Neuman,

**Introduction:**

Thank you for your input on our 2013 Professional Liability filing.

**Response 1**

**Comments:**

I submitted an RF-3 for our Standard Businessowners Program on 8/19/13 (SERFF PHAR-129156365). I overlooked the need for Liquor Liability to be filed separately. I will create the filing for the Liquor Liability coverage next week. Very few of our policyholders carry this coverage and the impact will be negligible.

**Changed Items:**

No Supporting Documents changed.

No Form Schedule items changed.

No Rate/Rule Schedule items changed.

**Conclusion:**

Please let me know if you require any further information to expedite the disposition of this filing. Thank you!

Sincerely,

Jocelyn Whitaker



<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Response Letter

Response Letter Status	Submitted to State
Response Letter Date	09/12/2013
Submitted Date	09/12/2013

Dear Gayle Neuman,

### **Introduction:**

Thank you for your attention to our filing.

### **Response 1**

#### **Comments:**

According to Illinois requirements for medical malpractice coverages, we are filing only the Professional Liability endorsements and rates for our Businessowners Program. The remainder of the Businessowners coverages are exempt from filing. I originally included our entire CW Businessowners Exception Pages for your reference. Although this document should be exempt from filing, I was told that the state has requested these pages in the past.

I have removed the CW Exception Pages Side by Side in the Supporting Documents tab to allay confusion. I have also included a summary exhibit that shows how these Professional Liability changes affect our entire Businessowners Program. Please see only the area highlighted in yellow for the changes related to this filing.

### **Changed Items:**

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	Side by side comparison of Manual Supplement Changes
<b>Comments:</b>	
<b>Attachment(s):</b>	IL BOP Exception Page - Supplemental Comparison 06 12 to 08 13.pdf IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13 vs 0113.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Side by side comparison of Manual Supplement Changes</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>IL BOP Exception Page - Supplemental Comparison 06 12 to 08 13.pdf IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13 vs 0113.pdf Comparison CW BOP Exception Pages 06 12 to 08 13.pdf</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Side by side comparison of Manual Supplement Changes</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>IL BOP Exception Page - Supplemental Comparison 06 12 to 08 13.pdf IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13 vs 0113.pdf</i>

<b>Satisfied - Item:</b>	Explanation of Changes to Entire Businessowners Program
<b>Comments:</b>	Only the changes highlighted in yellow are applicable to this Medical Malpractice filing.
<b>Attachment(s):</b>	IL Rate Change Summary.pdf

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	Side by side comparison of Manual Supplement Changes
<b>Comments:</b>	
<b>Attachment(s):</b>	IL BOP Exception Page - Supplemental Comparison 06 12 to 08 13.pdf IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13 vs 0113.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Side by side comparison of Manual Supplement Changes</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>IL BOP Exception Page - Supplemental Comparison 06 12 to 08 13.pdf IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13 vs 0113.pdf Comparison CW BOP Exception Pages 06 12 to 08 13.pdf</i>
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	<i>Side by side comparison of Manual Supplement Changes</i>
<b>Comments:</b>	
<b>Attachment(s):</b>	<i>IL BOP Exception Page - Supplemental Comparison 06 12 to 08 13.pdf IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13 vs 0113.pdf</i>

<b>Satisfied - Item:</b>	Explanation of Changes to Entire Businessowners Program
<b>Comments:</b>	Only the changes highlighted in yellow are applicable to this Medical Malpractice filing.
<b>Attachment(s):</b>	IL Rate Change Summary.pdf

*No Form Schedule items changed.*

*No Rate/Rule Schedule items changed.*

**Conclusion:**

*My apologies for the confusion regarding the coverages being filed. Please don't hesitate to contact me if this explanation fails to clarify our filing. I am available through SERFF and email today and tomorrow, but am unavailable by phone until next week. I would be happy to discuss further clarification of these issues at your convenience.*

Thank you!

Sincerely,  
Jocelyn Whitaker

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Amendment Letter

Submitted Date: 09/11/2013

Comments:

The CW Exception Pages and Side by Sides have been updated to reflect 2013 changes.

Changed Items:

*No Form Schedule Items Changed.*

Rate Schedule Item Changes					
Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	Countrywide Businessowners Exception Pages 08 13	All	Replacement	PHAR-128843853	09/11/2013 By:
<i>Previous Version</i>					
1	Countrywide Businessowners Exception Pages 06 12b	All	Replacement	PHAR-128843853	09/11/2013 By: Jocelyn Whitaker

Supporting Document Schedule Item Changes	
<b>Satisfied - Item:</b>	Side by side comparison of Manual Supplement Changes
<b>Comments:</b>	
<b>Attachment(s):</b>	IL BOP Exception Page - Supplemental Comparison 06 12 to 08 13.pdf IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13 vs 0113.pdf Comparison CW BOP Exception Pages 06 12 to 08 13.pdf
<i>Previous Version</i>	
<b>Satisfied - Item:</b>	Side by side comparison of Manual Supplement Changes
<b>Comments:</b>	
<b>Attachment(s):</b>	IL BOP Exception Page - Supplemental Comparison 06 12 to 08 13.pdf IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13 vs 0113.pdf

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Amendment Letter

Submitted Date: 09/11/2013

Comments:

We discovered there were discrepancies in the Exhibit Name as well as the edition date in the footer. All references should be to 08 13 for the IL Exception Pages.

Changed Items:

*No Form Schedule Items Changed.*

Rate Schedule Item Changes					
Item No.	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Date Submitted
1	IL Businessowners Manual Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13	All	Replacement	PHAR-128843853	09/11/2013 By:
<i>Previous Version</i>					
1	IL Businessowners Manual Exception Page - Professional Liability - Medical Malpractice Supplemental 01 13	All	Replacement	PHAR-128843853	09/11/2013 By: Jocelyn Whitaker

*No Supporting Documents Changed.*

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Note To Reviewer

**Created By:**

Jocelyn Whitaker on 01/08/2014 12:38 PM

**Last Edited By:**

Gayle Neuman

## Submitted On:

01/10/2014 08:47 AM

**Subject:**

### Effective dates

**Comments:**

We did implement these changes effective 11/15/13 new, 12/15/13 renewal business. Thank you.

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Note To Filer

**Created By:**

Gayle Neuman on 01/08/2014 09:17 AM

**Last Edited By:**

Gayle Neuman

## Submitted On:

01/10/2014 08:47 AM

**Subject:**

effective day

**Comments:**

The Department of Insurance has now completed its review of this filing. You previously requested the filing be effective November 15, 2013 (renewals December 15, 2013). Was the filing put in effect on those dates or do you wish to have a different effective date? Your prompt response is appreciated.

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
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<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Reviewer Note

**Created By:**

Julie Rachford on 01/03/2014 11:06 AM

**Last Edited By:**

Gayle Neuman

## Submitted On:

01/10/2014 08:47 AM

**Subject:**

## Actuarial Review

**Comments:**

Actuarial review complete.



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**State:** Illinois **Filing Company:** Pharmacists Mutual Insurance Company  
**TOI/Sub-TOI:** 11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy  
**Product Name:** Businessowners - Medical Malpractice  
**Project Name/Number:** IL BOP 2013/IL-BOP-08-13-RR-MM

## Post Submission Update Request Processed On 12/17/2013

Status: Allowed  
Created By: Jocelyn Whitaker  
Processed By: Gayle Neuman  
Comments:

### General Information:

Field Name	Requested Change	Prior Value
Effective Date Requested (New)	11/15/2013	11/01/2013
Effective Date Requested (Renew)	12/15/2013	12/01/2013

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Rate Information

Rate data applies to filing.

<b>Filing Method:</b>	Use & File
<b>Rate Change Type:</b>	Increase
<b>Overall Percentage of Last Rate Revision:</b>	1.900%
<b>Effective Date of Last Rate Revision:</b>	01/01/2013
<b>Filing Method of Last Filing:</b>	Use & File

## Company Rate Information

Company Name:	Overall % Indicated Change:	Overall % Rate Impact:	Written Premium Change for this Program:	Number of Policy Holders Affected for this Program:	Written Premium for this Program:	Maximum % Change (where req'd):	Minimum % Change (where req'd):
Pharmacists Mutual Insurance Company	39.700%	0.800%	\$5,220	392	\$653,778	%	%

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Rate/Rule Schedule

Item No.	Schedule Item Status	Exhibit Name	Rule # or Page #	Rate Action	Previous State Filing Number	Attachments
1		Countrywide Businessowners Exception Pages 08 13	All	Replacement	PHAR-128843853	CW BOP Exception Pages 08 13.pdf
2		IL Businessowners Manual Exception Pages - Supplemental 08 13	All	Replacement	PHAR-128843853	IL BOP Exception Page - Supplemental 08 13.pdf
3		IL Businessowners Manual Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13	All	Replacement	PHAR-128843853	IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13.pdf

# PHARMACISTS MUTUAL INSURANCE COMPANY

## BUSINESSOWNERS PROGRAM MANUAL

### COUNTRYWIDE

**Rule 1 has been amended by the following:**

#### **1 Eligibility**

References to 25,000 square foot limitation and \$3,000,000 annual gross sales limitation are eliminated for all eligible business types.

**Rule 1.9 has been added:**

#### **1.9 Property Plus Coverages (BP 0200 Only)**

All risks EXCEPT Builder's Risk and Rental Dwellings are eligible for the Property Plus Coverages.

A list of the coverage and corresponding limits that are provided under the Property Plus Coverages Endorsement follows:

Coverage	Limit
Restoration Period	48-hour
Leased Real Property	Cov B Limit
Antennas or Fences	Enhancement
Counterfeit Money or Money Orders	\$ 10,000
Fire Department Service Charges	\$ 5,000
Glass	Enhancement
Ordinance or Law – Limited Coverage	10% Cov A up to \$250,000
Outdoor Signs Not Attached to Buildings	\$ 10,000
Permanent Outdoor Structures	\$ 5,000
Cov A - Newly Acquired Buildings	up to \$500,000
Accounts Receivable - at the premises	\$ 25,000
Business Personal Property – Newly Acquired Locations	up to \$250,000
Business Personal Property - Off Premises	\$ 10,000
Valuable Papers and Records – at the described premises	\$ 25,000
Spoilage of Perishable Stock	\$ 5,000
Water Backup and Overflow Coverage	
– Business Personal Property	\$ 25,000
Loss of Income	
Interruption by Civil Authority	48-hour
Earnings from Dependent Locations – Coverage Period	48-hour
Earnings from Dependent Locations – Coverage Limit	\$ 10,000
Newly Acquired Locations	\$250,000
Off Premises Utility Failure	\$ 10,000
Loss to Another Property	\$ 5,000
Employee Dishonesty	\$ 10,000
Money & Securities Coverage	Enhancement

Rate:

First Location:	\$ 120
Each Additional Location:	\$ 25

The following premium modifications apply: Policy Deductible Factor, Experience Rating Factor, Multi Location Discount, Standard Individual Risk Premium Modification.

*Attach endorsement PM 1135B.*

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Rule 3.5, Scheduled Buildings, Business Personal Property And Loss Of Income, has been withdrawn and replaced by the following:

### 3.5 Scheduled Buildings, Business Personal Property And Loss Of Income

Show the limit for each covered building, the limit for personal property at each location, and the limit of Loss of Income coverage at each location on the declarations. If the Loss of Income Without a Limit option applies, show "actual loss sustained" in the limit of insurance field on the declarations.

Rule 3.20 has been added:

### 3.20 Premium Installment Plans

Payment Option	Due Date	Service charge
Payment in Full	Policy eff date	No service charge
Tri-Annual	Policy eff date, 60 & 120 days	No service charge
Semi-Annual	Policy eff date & 180 days	\$5.00 on final installment
Quarterly	Policy eff date, 90, 180 & 270 days	\$5.00 on last 3 installments
EFT - monthly	Down payment of 1 month premium	\$1.00 per monthly withdrawal

Rule 6.1 new deductible options introduced in Table for Rule 6.1:

**6.1 Premium Determination** -- The deductible factors shown in the table for this rule are used in developing the building and business personal property basic policy premiums. Refer to the premium determination procedures set forth under Rule 7.7. Show the applicable deductible amount on the declarations.

Deductibles \$	Factors	
	Restaurants	Other Classes
250	1.050	1.030
500	1.000	1.000
750		0.980
1,000	0.960	0.970
2,000		0.950
3,000	0.880	0.900
5,000	0.840	0.850
10,000	0.820	0.800
25,000		0.750
50,000		0.650
75,000		0.600

Table for Rule 6.1

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**Rule 7.5 has been withdrawn and replaced by the following:**

#### **7.5 Minimum Premiums**

The annual policy minimum premiums vary by form of coverage as shown below.

Form BP 0100     \$500.00

Form BP 0200     \$750.00

**Rule 7.6 has been amended:**

#### **7.6 Multiple Occupancies**

Paragraph 6 under Building has been withdrawn and replaced by the following:

##### **Building**

-- Classify a building as owner-occupied when the building owner occupies more than 50% of the total floor area.  
Classify a building as Lessor's Risk when the building owner occupies 50% or less of the total floor area.

**Rule 7.7.9 has been withdrawn and replaced by the following:**

#### **7.7.9 Total Policy Premium**

Multiply the sum of the following by the Standard Individual Risk Premium Modification factor to determine the total standard Businessowners premium:

- basic policy premium for each covered building;
- basic policy premium for business personal property at each covered location;
- basic policy premium for liability coverage for restaurants;
- additional premium for off-premises operations;
- additional premium for swimming pools; and
- additional premium for any applicable property and general or non professional liability coverage options.

Multiply the sum of the following by the Professional Liability Individual Risk Premium Modification factor to determine the total Professional Liability premium:

- Pharmacy Services Professional Liability premium;
- Home Health Care Consultation Services Liability premium;
- Home Health Care Services Liability premium; and
- Pharmacy Professional Liability Extension premium.

Add the total Standard Businessowners premium to the total Professional Liability premium to determine the total policy premium.

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**Rule 8.5, Actual Cash Value, has been withdrawn and replaced by the following:**

#### **8.5 Valuation**

##### **8.5.1 Actual Cash Value**

Building property and/or business personal property can be covered on an actual cash value basis instead of on a replacement cost basis by making the appropriate entry on the declarations. The property must be insured for its full actual cash value when this option applies.

**Premium Determination** -- When this option applies to business personal property, multiply the Business Personal Property rating information for Standard Policy coverage by the applicable factor shown in the table for this rule:

	Factor
Restaurants	1.00
Other Classes	1.10

Table for Rule 8.5

When this option applies to the building and the building is classified as Lessor's Risk or the building is rated under Rate Group 19, 20, or 29, multiply the Building rating information for Standard Policy coverage by the Actual Cash Value factor shown in the table for this rule.

If the building is not classified as Lessor's Risk, no adjustment to the Building rating information is required when this option applies to a building not rated under Rate Group 19, 20, or 29.

Make an entry on the declarations to show that Actual Cash Value coverage applies.

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#### 8.5.2 Blanket Replacement Cost

Building property and/or business personal property can be covered on a blanket replacement cost basis when the policy provides coverage for more than one described premises. The blanket coverage must include all building property and/or business personal property insured at full replacement cost value.

Building limits for each described premises that meets the requirement for blanket replacement cost coverage will be combined into one single limit. Identify on the declarations the buildings to which the blanket replacement cost applies.

*Attach endorsement PM 1133B for Building Blanket Replacement Cost and indicate the Blanket Limit of Insurance.*

Business personal property limits for each described premises that meets the requirement for blanket replacement cost coverage will be combined into one single limit. Identify on the declarations the business personal property to which the blanket replacement cost applies.

*Attach endorsement PM 1134B for Business Personal Property Replacement Cost and indicate the Blanket Limit of Insurance.*

**Rule 8.14 has been withdrawn and replaced by the following:**

#### 8.14 Equipment Breakdown Coverage

Coverage is available under Businessowners form BP 0200 for direct physical loss to covered property due to an accident resulting from mechanical breakdown, including rupturing or bursting caused by centrifugal force, artificially generated electrical current, including electrical arcing other than lightning, explosion of steam boilers, steam piping, steam engines, or steam turbines, and damage to hot water boilers or other water heating equipment. Coverage is also provided for direct expenses from drying out covered electrical equipment as a result of a flood.

Any business otherwise eligible for coverage under the Businessowners Program is eligible for Equipment Breakdown Coverage.

When Equipment Breakdown Coverage is provided, coverage applies to each location described on the policy declarations and is subject to the property limits (coverage A and B) provided for each insured location.

The following Extensions of Coverages are also provided under the Equipment Breakdown Coverage, subject to a limit of \$25,000 for loss or damage caused by any combination of the following Causes of Loss:

1. **CFC Refrigerants** – Coverage is provided for additional costs to repair or replace the covered property because of the use or presence of a refrigerant containing CFC (chlorofluorocarbon) substances.
2. **Data Restoration** – Coverage is provided for reasonable and necessary costs to research, replace, and restore lost information on software as a result of equipment breakdown.
3. **Drying out Expense** – Coverage is provided for expenses resulting from the need to dry out electrical equipment.
4. **Expediting Expenses** -- Coverage is provided for any reasonable extra costs spent to make temporary repairs, or to expedite permanent repairs or replacement of covered equipment.
5. **Pollutant Clean Up and Removal** – Coverage is provided for expenses resulting from pollutant clean up and removal for loss resulting from an equipment breakdown.
6. **Refrigerant Contamination** -- Coverage is provided for the contamination by a refrigerant at the described premises.



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#### 8.14 Equipment Breakdown Coverage -con't

7. **Service Interruption** -- Coverage is provided for loss of earnings and extra expense you incur due to the interruption of the following services, not at the insured premises:
  - electrical power; waste disposal; air conditioning; refrigeration; heating; natural gas; compressed air; water; steam; internet access; telecommunications services; wide area networks; or data transmission.
8. **Spoilage** -- Coverage is provided for loss to perishable goods due to spoilage at the described location.

##### 8.14.1 Value for Rating

The limit of insurance developed for the rating of Equipment Breakdown Coverage is based on the Total Insurance Value (TIV) of covered property at the insured premises, based on the replacement cost, as follows:

-- Owner, Owner Occupied	100% Building and Contents Value
-- Owner, Not Owner Occupied	100% Building Value
-- Tenant	100% Contents Value

##### 8.14.2 Deductible

This coverage is subject to the Businessowners Property deductible, shown on the policy. Refer to Rule 6 of the Loss Cost Rating Information for the Deductible Factors.

##### 8.14.3 Minimum Location Charge

The minimum premium charge for each insured location is \$25.00.

##### 8.14.4 Rates

The rate for Equipment Breakdown Coverage is \$0.25 per \$1,000 of Total Insurance Value (TIV) per each insured location, subject to the Minimum Location Charge.

##### 8.14.5 Premium Development

The premium for Equipment Breakdown Coverage is determined by multiplying the rate per Deductible by the Total Insurance Value (TIV) for every location.

Step 1 – Determine the Total Insurance Value (TIV), based on the full replacement cost, of all covered property located at an insured location.

Step 2 – Multiply the 100% TIV by the Equipment Breakdown Rate;

Step 3 – Multiply the results of Step 2 by the Deductible Factor;

Step 4 – Multiply the results of Step 3 by the Standard Individual Risk Premium Modification that applies to the Businessowners Policy;

Step 5 – The resulting premium is subject to a \$25.00 minimum location charge.

*Attach endorsement PM 1103B.*

**Rule 8.32 has been withdrawn and replaced by the following:**

#### 8.32 Data Compromise

1. Description of Coverage (see endorsement for exact description, limitations)

The Data Compromise form provides coverage for specified expenses arising from a "Personal Data Compromise" involving "Personally Identifying Information" of "Affected Individuals."

"Affected Individuals" may be customers, clients, members, directors or employees of the insured entity.

Form PM 1140B is in two sections. The first section, Response Expenses coverage, provides coverage for Legal and Forensic Information Technology Review; Notification to Affected Individuals; and Services to Affected Individuals.

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#### 8.32 Data Compromise – cont'd

The second section, Defense and Liability coverage, supplements the program by providing coverage for defense and settlement costs in the event that “affected individuals” sue the insured.

##### 2. Eligibility

Insured entities are eligible for either form if they are in an approved state and an eligible class of business. Ineligible classes are as follows:

Financial Institutions, Adult Business, Gambling or Gaming, Credit Card or Financial Transaction Processing, Hospitals, Data Processors, IT Outsourcing Companies, Information/Data Brokers, and Credit Reporting Agencies, Collection Agents, Municipalities, Educational Institutions.

Any new business account with package premium greater than \$100,000 will be referred for eligibility.

##### 3. Coverage Limits

The standard annual aggregate limits of liability are \$50,000 for Response Expense coverage and a separate \$50,000 for Defense and Liability coverage.

All annual aggregate limits apply with respect to losses first discovered by the insured during any one policy year.

Increased limits of \$100,000 and \$250,000 are available. A questionnaire is required when \$100,000 or \$250,000 limits are requested.

##### 4. Deductible

Coverage under the Response Expense coverage is subject to a \$1,000 Deductible amount for each “Personal Data Compromise.” Defense and Liability coverage is subject to a \$1,000 Deductible amount for each “Data Compromise Suit”. No other options are currently available.

##### 5. Premium Determination

Please refer to the Data Compromise rate table.

The rate table indicates the applicable premium based on class of business and coverage selected. Eligible classes of business are divided into three tiers as follows:

###### Tier 1 Classes

Companies whose only personal information is relative to employees.

Examples: Manufacturing, Wholesaling

###### Tier 2 Classes

Companies that keep financial or account number information on individual customers but do not keep customers’ Social Security numbers.

Examples: Retail, Churches

###### Tier 3 Classes

Companies with customers’ Social Security numbers.

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#### 8.32 Data Compromise – cont'd

##### 6. Data Compromise Rate Tables

Tier 1	Tier 2	Tier 3
\$81	\$134	\$179

Increased limit factors are applied as follows:

Limit	Factor
\$50,000	1.00
\$100,000	1.80
\$250,000	3.60

The premium is not subject to further modification by the application of any other factors, including but not limited to, company deviations, IRPM factors, or expense modifications.

##### 7. Minimum Premium

This coverage is not subject to a minimum premium.

##### 8. In-term Coverage Request

This endorsement may be added at the anniversary of the policy or may be added in-term.

*Attach endorsement PM 1140B.*

#### Rule 9.1 has been withdrawn and replaced by the following:

##### 9.1 Additional Insureds

The liability section of the Businessowners policies may require modification in order to extend the insured's liability protection to other persons or entities. This can be accomplished through the use of Additional Insured endorsements.

Coverage for additional insureds is subject to all of the exclusions and conditions found in the liability section of the Businessowners policy to which the additional insured endorsement is attached. Each endorsement may contain additional limitations.

Unless otherwise shown in the manual, to determine the additional premium for each additional insured at each location, select the additional insured charge from the table (below) that corresponds to the occupancy of the insured.

	<b>Premium Charge</b> (Each additional insured, per location)
Apartment or Office Risks	\$ 5.00
All Other Risks	\$ 15.00

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**Rule 9.1.10 has been withdrawn and replaced by the following:**

#### **9.1.10 Newly Acquired Organizations**

The definition of you and your can be amended to include organizations newly acquired or formed by the insured for the first 90 days after the date of the organization's acquisition or formation. There is no additional premium for Additional Insured - Newly Acquired Organizations.

*Attach endorsement BP 0738.*

**Rule 9.8 Customers' Auto Legal Liability Coverage – Care, Custody, or Control Exception - Premium Determination has been amended as follows:**

#### **9.8 Customers' Auto Legal Liability Coverage – Care, Custody, or Control Exception**

**Premium Determination** -- Refer to the company's Commercial Automobile Program for rating.

**Rule 9.9 has been withdrawn and replaced by the following:**

#### **9.9 Definition of Employee Redefined**

##### **9.9.1 Exclude Leased Worker**

The definition of employee can be amended to exclude leased workers. A leased worker is a person leased from a labor leasing firm to perform duties related to the named insured's business.

*Attach endorsement BP 0723.*

##### **9.9.2 Include Temporary Worker**

The definition of employee can be amended to include temporary workers. A temporary worker is a person furnished as a temporary substitute for a permanent employee who is on a leave of absence, or person added to meet seasonal or short-term workloads.

*Attach endorsement PM 1114B.*

**Rule 9.13.4 has been withdrawn and replaced by the following:**

#### **9.13.4 Employment Practices Liability (Coverage F)**

##### **Employment Practices Liability Minimum Premium**

Minimum Premium - \$300.00

Employment Practices Liability premium including minimum premium is in addition to the policy minimum premium.

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Step 3 of Rule 9.13.8 has been withdrawn and replaced by the following:

#### 9.13.8 Employment Practices Liability (Coverage F)

##### Premium Development – Step 3 - More Than 100 Employees

- Follow Step 3 for 51 to 100 employees.
- Multiply the “More Than 100 Per Employee Charge” by the number of employees that exceed 100 and add the result to the charge calculated in Step 2.

#### MORE THAN 100 PER EMPLOYEE CHARGE

Per Claim and Aggregate Limit (000's omitted)	\$25	\$50	\$100	\$300	\$500	\$1,000
RETAIL RISKS (Rate Groups 11 – 18)	\$12	\$15	\$20	\$22	\$24	\$28
SERVICE RISKS & RESTAURANTS (Rate Groups 2-10 and 21)	\$20	\$24	\$30	\$34	\$38	\$46
OFFICE/HABITATIONAL, WAREHOUSE & WHOLESALE RISKS (Rate Groups 1, 19, 20 & 22-29)	\$29	\$35	\$44	\$50	\$54	\$66

Rule 9.17.3 has been withdrawn and replaced by the following:

#### 9.17.3 Higher General Aggregate Limit

The policy may be written subject to higher annual General Aggregate Limits. Refer to the table below for calculating the additional premium. Add the premium listed to the liability premium.

AGGREGATE LIMIT	PREMIUM CHARGE
\$ 3,000,000	\$85
4,000,000	\$170
5,000,000	\$250
6,000,000	\$335

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Rule 9.20.3 has been added:

#### 9.20.3 Pharmacy Liquor Liability Endorsement

The Pharmacy Liquor Liability Endorsement modifies the Commercial Liability Coverage by removing the liquor liability exclusion, adding four exclusions to the liquor liability coverage created, and specifying that amount of liquor liability coverage is limited as shown in the Declarations.

There are three levels of hazard depending upon the laws in the various states. The states are classified and rates applied according to the following classification table:

Class I: Delaware, Iowa, Kansas, Maryland, Missouri, Nebraska, Nevada, South Dakota, Virginia

Class II: Alaska, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Montana, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Washington, West Virginia, Wisconsin, Wyoming

Class III: Alabama, Vermont

#### Pharmacy Liquor Liability Annual Rates\*

CLASS	\$300,000	\$500,000	\$1,000,000
I	0.62	0.75	0.87
II	2.40	2.90	3.37
III	5.78	7.00	8.15

\*per \$1,000 liquor receipts

#### Pharmacy Liquor Liability Minimum Premium

Minimum Premium - \$100.00

Pharmacy Liquor Liability premium including minimum premium is in addition to the policy minimum premium.

#### Pharmacy Liquor Liability Credits & Debits:

The Pharmacy Liquor Liability Endorsement rates may be modified in accordance with the following Risk Management consideration to a maximum of 25% credit or debit.

RISK MANAGEMENT MODIFICATIONS	
1. Management qualifications and experience	5% credit to 5% debit
2. Employee training and supervision	10% credit to 10% debit
3. Beer and wine only	10% credit to 10% debit
4. Special Risk Management procedures taken	5% credit to 0% debit
5. Care and condition of premises	10% credit to 10% debit

Rule 10, Individual Risk Premium Modification, does not apply.

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#### **9.20.3 Pharmacy Liquor Liability Endorsement (cont'd)**

*Attach endorsement PM 1026B.*

**Rule 9.51 has been added:**

#### **9.51 Financial Loss Coverage**

Coverage may be provided for Financial Loss Liability. The additional premium per policy is \$75.

Rule 10, Individual Risk Premium Modification, does not apply. Financial loss liability minimum premiums are in addition to any policy minimum premiums.

*Attach endorsement PM 1113B.*

**Rule 9.53 has been added:**

#### **9.53 Water Legal Liability (BP 0200 Only)**

All risks EXCEPT Builder's Risk and Rental Dwellings are eligible for Water Legal Liability coverage at a limit of \$50,000. There is no premium charged for this limit.

*Attach endorsement PM 1142B.*

**Rule 9.54 has been added:**

#### **9.54 Products Redefined**

This mandatory endorsement redefines products to not include "prescription products," a defined term for which coverage may be provided under a Pharmacy Professional Liability endorsement when applicable.

*Attach endorsement PM 1152.*

**Rule 9.55 has been added:**

#### **9.55 Duty to Defend Ends with Tendered Limit**

This mandatory endorsement adds a fourth scenario under which our duty to defend is limited: by payment of the policy limit.

*Attach endorsement PM 1153.*

**Rule 9.56 has been added:**

#### **9.56 Drug Manufacturing Exclusion**

This mandatory endorsement excludes coverage for "drug manufacturing," a defined term for which limited coverage may be provided under a Pharmacy Professional Liability endorsement when applicable.

*Attach endorsement PM 1154.*

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Rule 10 has been withdrawn and replaced by the following:

#### RULE 10 -- INDIVIDUAL RISK PREMIUM MODIFICATIONS

Individual Risk Premium Modifications will be applied separately to Professional Liability and standard policy premiums.

#### Rule 10.1 – Standard Individual Risk Premium Modifications

The following modifications can be applied to recognize special characteristics of the risk that are not fully reflected in the rating information. The sum of credits or debits developed using the following table cannot exceed 25%. Convert the total credit or debit developed under this rule to a factor and apply to the total standard policy premium after all other rating procedures have been completed.

RISK VARIATIONS	RANGE OF MODIFICATIONS		
	CREDIT		DEBIT
(1) Care and condition of equipment and premises	-10%	to	+10%
(2) Classification variations	-10%	to	+10%
(3) Cooperation of owners or operators regarding recommendations with respect to structural features, segregation, control of hazards and maintenance of protective equipment, and risk evaluation review	-10%	to	+10%
(4) Damage and susceptibility	-10%	to	+10%
(5) Dispersion or concentration	- 5%	to	+ 5%
(6) Employees: selection, training, supervision, experience	- 5%	to	+ 5%
(7) Location: accessibility, congestion, and exposures	-10%	to	+10%
(8) Miscellaneous protective features or hazards	-10%	to	+10%
(9) Protective devices not otherwise reflected in rates	-10%	to	+10%
(10) Storage practices and hazardous operations	-10%	to	+10%
(11) Superior or inferior structural features	-10%	to	+10%

#### Rule 10.2 – Professional Liability Individual Risk Premium Modifications

The following modifications can be applied to recognize special characteristics of the risk that are not fully reflected in the professional liability rating information. The sum of credits or debits developed using the following table cannot exceed 25%. Convert the total credit or debit developed under this rule to a factor and apply to the total Professional Liability premium after all other rating procedures have been completed.

RISK VARIATIONS	RANGE OF MODIFICATIONS		
	CREDIT		DEBIT
(1) Classification variations	-10%	to	+10%
(2) Cooperation with insurer regarding recommendations and/or industry standards with respect to risk management procedures and risk evaluation review	-10%	to	+10%
(3) Employees: selection, training, supervision, experience	- 5%	to	+ 5%
(4) Past losses	-10%	to	+10%
(5) Professional accreditation/sanction	- 15%	to	+15%
(6) Professional services provided	- 10%	to	+10%
(7) Quality control	- 10%	to	+10%



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**Rule 11 has been added:**

#### **RULE 11 — EXPERIENCE RATING PLAN**

Use the Experience Rating Plan to modify the policy premium to recognize an insured's claims payment history and the size of risk.

An Experience Rating Modification shall be applied to the combined total of all Property and General Liability Coverages. This modification shall be applied to all coverages except the professional liability coverages, equipment breakdown, data compromise, earthquake or terrorism coverages.

This modification shall be calculated based on the size of risk (number of locations on the policy) and the number of paid losses within the 60 month period prior to the effective date of the application or the policy renewal date.

If a loss is not counted at the first renewal following the claim, we reserve the right to count the incident at the subsequent renewal.

Claims experience is derived from property and general liability losses only. Professional liability, equipment breakdown, data compromise, earthquake or terrorism claims are not considered for experience rating.

Claims which result from a catastrophic event, which have an accident date within the same 72-hr time frame, which may have occurred at multiple locations on the same policy shall be counted as a single loss.

The information required to determine an insured's claims payment history may be obtained from:

- an application signed by the applicant or insured;
- a loss history report or claims history database; and/or
- company internal records.

#### **HIGHER DEDUCTIBLE OPTION**

If, at renewal, it is determined that an insured has had a claim during the experience period of \$500 or less, the insured shall have the option to select a higher deductible. If a higher deductible is selected, the claim will not be included in calculation of the experience rating factor.

#### **CALCULATION OF EXPERIENCE RATING FACTOR:**

$$\left( \frac{\text{Number of Claims}}{\text{Number of Locations} \times \text{Average Number of Claims per location}} \right) \times \left( \frac{\text{Number of Locations}}{\text{Number of Locations} + \text{Credibility}} \right) + \left( 1 - \left( \frac{\text{Number of Locations}}{\text{Number of Locations} + \text{Credibility}} \right) \right)$$

Maximum Credit = 50%

The increase in premium due to application of the experience rating factor shall not exceed 25% with subsequent renewals.

If the policyholder has been in business less than 5 years and they have had no property or general liability losses, apply a factor of 1.00.

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Rule 12 has been added:

#### RULE 12 -- MULTI LOCATION DISCOUNT

Credit will be applied when a policy includes coverage to more than one location. This credit will be determined by the number of locations written on the policy. The Multi Location Discount, as provided in the following table, will be applied to all coverages except Equipment Breakdown and Data Compromise.

Number of Locations	Discount
1	0.0%
2	7.5%
3	10.0%
4 to 8	12.5%
9 or more	15.0%

The following has been added to the Countrywide Classification Table:

#### COUNTRYWIDE CLASSIFICATION TABLE

Classification	Stat Code	Rate Groups				
		-----	-----	-----	-----	-----
		Prop	SP	SL	EQ	L
Home Health Care Agency	99059	1	1	m	3	--
Wholesale – Home Medical Equipment	99061	23	6	h	3	--

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**Loss Cost Multiplier**

PHARMACISTS MUTUAL INSURANCE COMPANY will use a loss cost multiplier of 0.906 for all “Loss Costs” established by AAIS for our Businessowners Program.

**Factor Rating Information – Property Factors**

**Construction Relativities have been withdrawn and replaced by the following:**

**CONSTRUCTION RELATIVITIES**

Frame	1.000
Joist Mas	0.825
Non-Comb	0.750
Mas N-c	0.700
Fire Res	0.650

**Pharmacy Services Professional Liability Rates**

TYPE OF COMPOUNDING	RATE
Non-Compounded	0.96
Non-Sterile Simple Compounded	1.00
Non-Sterile Complex Compounded	2.00
Sterile No Intrathecal or Epidural	2.96
Sterile With Intrathecal or Epidural	5.92

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**Rule 9.24.4 has been withdrawn and replaced by the following:**

**9.24.4 Pharmacy Professional Liability Including Home Health Care Consultation Services Liability or Home Health Care Services Liability Coverage**

Coverage can be added to forms BP 0100 or BP 0200 for bodily injury, property damage, or personal and advertising injury arising from the following pharmacy services:

Basic - Pharmacy Professional Liability Including Home Health Care Consultation Services.

Basic Plus - Pharmacy Professional Liability Including Home Health Care Consultation Services.

Broad - Pharmacy Professional Liability Including Home Health Care Consultation Services.

Basic - Pharmacy Professional Liability Including Home Health Care Services.

Basic Plus - Pharmacy Professional Liability Including Home Health Care Services.

Broad - Pharmacy Professional Liability Including Home Health Care Services.

**Pharmacy Professional Liability Limit Factors**

limit	factor
300,000	0.75
500,000	0.86
1,000,000	1.00
2,000,000	1.20

To determine the Pharmacy Professional Liability Including Home Health Care Consultation Services Liability or Home Health Care Services Liability premium:

Step 1 - determine the percentage of filled prescriptions that falls into each of the following categories; the sum of these 4 groups must equal 100%.

- non-compounded,
- non-sterile simple compounded
- non-sterile complex compounded
- sterile compounded.

Step 2 – Non-compounded prescription premium:

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of non-compounded prescriptions. Gross receipts include the total amount collected for prescriptions, drugs, and pharmacy services.
- b) Multiply the result of Step 2.a) by the appropriate rate for non-compounded prescriptions, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit factor.

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- c) When risk management equipment is utilized, multiply the result of Step 2.b) by the appropriate credit for risk management equipment. A 5% credit shall be provided for each piece of equipment. A 10% credit shall be applied if the risk management equipment is a PassRx. The total credit for risk management equipment may not exceed 15%.

**Step -3 – Non-sterile simple compounded prescription premium:**

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of non-sterile simple compounded prescriptions,
- b) Multiply the result of Step 3.a) by the appropriate rate for non-sterile simple compounded prescriptions shown in the state Businessowners Manual Exception Pages and by the appropriate Pharmacy Professional Liability Limit factor.

**Step 4 – Compounding Modification Factor:**

- a) Add the percent of compounded prescriptions from Non-Sterile Complex and Sterile Compounding. From this sum subtract 20%. If the result is less than 0%, use 0%.
- b) The Compounding Modification Factor equals 1 minus the lesser of Step 4.a) or 30%.

**Step 5 - Non-Sterile Complex Compounded prescription premium:**

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of Non-Sterile Complex Compounded prescriptions.
- b) Multiply the result of Step 5.a) by the base (state specific) Not-Sterile Complex Compounding rate, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit factor.
- c) Multiply the result of Step 5.b) by the Compounding Modification Factor as determined in Step 4.b).

**Step 6 - Sterile Compounded prescription premium:**

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of Sterile Compounded prescriptions.
- b) If the insured is compounding intrathecal or epidural injectibles, multiply the result of Step 6.a) by the base (state specific) Sterile Compounding with intrathecal or epidural injectibles, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit factor; otherwise, multiply the result of Step 6.a) by the base (state specific) Sterile Compounding without intrathecal or epidural injectibles rate, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit factor.

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- c) Multiply the result of Step 6.b) by the Compounding Modification Factor as determined in Step 4.b).

Step 7 - Add the results of Steps 2, 3, 5 and 6.

Step 8 - If the insured is either URAC or PCAB accredited, apply a 15% discount to the result of Step 7; if the insured is both URAC and PCAB accredited, apply a 25% discount to the result of Step 7.

Step 9 – Add the premium generated for either Home Health Care Consultation Services Liability (*Rule 9.24.7*) or Home Health Care Services Liability (*Rule 9.24.8*) to the result of Step 8 to determine the total Pharmacy Professional Liability Including Home Health Care Consultation Services Liability or Home Health Care Services Liability premium.

The Pharmacy Professional Liability Including Home Health Care Consultation Services endorsement contains provisions for the following limits:

**Each Occurrence Limit** – The Pharmacy Professional Liability Including Home Health Care Consultation Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for pharmacy services and professional consultation services.

**Aggregate Limit** -- The Pharmacy Professional Liability Including Home Health Care Consultation Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for pharmacy services and home health care consultation services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

*Attach endorsement PM 1146-IL for Basic Coverage for Pharmacy Professional Liability Including Home Health Care Consultation Services.*

*Attach endorsement PM 1147-IL for Basic Plus Coverage for Pharmacy Professional Liability Including Home Health Care Consultation Services.*

*Attach endorsement PM 1148-IL for Broad Coverage for Pharmacy Professional Liability Including Home Health Care Consultation Services.*

The Pharmacy Professional Liability Including Home Health Care Services endorsement contains provisions for the following limits:

**Each Occurrence Limit** – The Pharmacy Professional Liability Including Home Health Care Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for pharmacy services and home health care services.

**Aggregate Limit** -- The Pharmacy Professional Liability Including Home Health Care Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for pharmacy services and home health care services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

*Attach endorsement PM 1149-IL for Basic Coverage for Pharmacy Professional Liability Including Home Health Care Services.*

*Attach endorsement PM 1150-IL for Basic Plus Coverage for Pharmacy Professional Liability Including Home Health Care Services.*

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*Attach endorsement PM 1151-IL for Broad Coverage for Pharmacy Professional Liability Including Home Health Care Services.*

**Rule 9.24.7 has been deleted from the Countrywide Exception Pages and replaced by the following:**

### **9.24.7 Home Health Care Consultation Services Liability**

Coverage may be provided for Home Health Care Consultation Services Liability. The additional premium charge is computed by multiplying the rate shown by the gross receipts (in thousands) for professional consultation services plus the per person charge. Gross receipts for home health care consultation services include the total amount collected from medical equipment or devices, health care products and home health care consultation services.

Limit	Home Health Care Consultation Services Rates/\$1,000 of GROSS RECEIPTS
\$ 300,000	\$1.20
\$ 500,000	\$1.40
\$1,000,000	\$1.60
\$2,000,000	\$2.00

Limit	Home Health Care Professional and/or Home Health Care Provider Charge (Per Person)
\$ 300,000	\$16.00
\$ 500,000	\$20.00
\$1,000,000	\$25.00
\$2,000,000	\$35.00

Home Health Care Consultation Services Liability coverage is either included with Pharmacy Professional Liability for pharmacy risks (*under PM 1146-IL, PM 1147-IL & PM 1148-IL*), or provided separately with the Professional Consultation Services Liability endorsement for non-pharmacy risks.

When attached, the Home Health Care Consultation Services Liability endorsement includes provisions for the following limits:

**Each Occurrence Limit** – The Home Health Care Consultation Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for professional consultation services.

**Aggregate Limit** -- The Home Health Care Consultation Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for home health care consultation services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

*Attach endorsement PM 1093B-IL for Non-pharmacy risk.*

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**Rule 9.24.8 has been deleted from the Countrywide Exception Pages and replaced by the following:**

**9.24.8 Home Health Care Services Liability Coverage**

Coverage may be provided for Home Health Care Services Liability. The additional premium charge is computed by multiplying the rate shown by the gross receipts (in thousands) for home health care services plus the per person charges. Gross receipts for home health care services include the total amounts collected from medical equipment or devices, health care products, and home health care services.

Limit	Home Health Care Services Rates/\$1,000 of GROSS RECEIPTS
\$ 300,000	\$1.20
\$ 500,000	\$1.40
\$1,000,000	\$1.60
\$2,000,000	\$2.00

Limit	First Home Health Care Professional Charge	Additional Home Health Care Professional Charge (Per Person)	Home Health Care Services Provider Charge (Per Person)
\$ 300,000	\$800	\$160	\$16
\$ 500,000	\$1000	\$200	\$20
\$1,000,000	\$1200	\$250	\$25
\$2,000,000	\$1600	\$350	\$35

Home Health Care Services Liability coverage is either included with Pharmacy Professional Liability for pharmacy risks (*under PM 1149-IL, PM 1150-IL & PM 1151-IL*), or provided separately with the Home Health Care Services Liability endorsement for non-pharmacy risks.

When attached, the Home Health Care Services Liability endorsement includes provisions for the following limits:

**Each Occurrence Limit** – The Home Health Care Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for home health care services.

**Aggregate Limit** -- The Home Health Care Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for home health care services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

*Attach endorsement PM 1098B-IL for Non-pharmacy risk.*



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**Rule 9.49 has been added:**

**9.49 Prescription Products Liability Exclusion**

Prescription Products Liability can be excluded under the Commercial Liability Coverage when a separate Pharmacy Professional Liability Including Home Health Care Consultation Services policy is also provided for the risk. There is no premium change for adding this endorsement; however, pharmacy receipts should not be included in the rating basis for Products Liability under the Commercial Liability Coverage. Pharmacy receipts include total amounts collected from customers for prescriptions and pharmacy services.

*Attach Endorsement PM 1117B.*

**Rule 9.50 has been added:**

**9.50 Pharmacy Professional Liability Extension**

This option is only available when the Businessowners policy is being cancelled at the insureds request due to the sale or closure of the business.

Pharmacy Professional Liability coverage can be extended for bodily injury or property damage which occurs after the policy cancellation date, provided that the incident causing the bodily injury or property damage, such as dispensing a prescription, occurred while the policy was in force.

The extension term is provided for a maximum of 6-months, beginning on the policy cancellation date and ending after 182 days, unless other dates are shown on the policy endorsement.

To determine the additional premium for this Extension, multiply the policy's annual Pharmacy Professional Liability Including Home Health Care Consultation Services premium (see Rule 9.24.4) by 2.0%, subject to a minimum \$100.00 premium. The additional premium charged is fully earned and cannot be cancelled once accepted.

*Attach endorsement PM 1118B.*

**Rule 9.52 has been added:**

**9.52 Immunization Liability Coverage**

Coverage may be provided for Immunization Liability when a non-employee immunization provider administers immunizations on the insured's behalf. The additional premium charge is computed by pro-rating the annual Home Health Care Professional per person charge from Rule 9.24.8 for the period that Immunization Liability coverage is provided, subject to a minimum \$100.00 premium.

*Attach endorsement PM 1130B.*

<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy		
<b>Product Name:</b>	Businessowners - Medical Malpractice		
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM		

## Supporting Document Schedules

<b>Satisfied - Item:</b>	Explanatory Memorandum
<b>Comments:</b>	
<b>Attachment(s):</b>	IL BOP Med Mal Filing Memorandum 08 13.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Form RF3 - (Summary Sheet)
<b>Comments:</b>	
<b>Attachment(s):</b>	RF-3 2013.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Certification
<b>Comments:</b>	
<b>Attachment(s):</b>	Signed Certificaiton for Med Mal Rates.pdf
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Request to Maintain Data as Trade Secret Information
<b>Bypass Reason:</b>	Not applicable to this filing.
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Bypassed - Item:</b>	Manual
<b>Bypass Reason:</b>	Acknowledged
<b>Attachment(s):</b>	
<b>Item Status:</b>	
<b>Status Date:</b>	

<b>Satisfied - Item:</b>	Side by side comparison of Manual Supplement Changes
<b>Comments:</b>	
<b>Attachment(s):</b>	IL BOP Exception Page - Supplemental Comparison 06 12 to 08 13.pdf IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13 vs 0113.pdf
<b>Item Status:</b>	

<b>SERFF Tracking #:</b>	PHAR-129169403	<b>State Tracking #:</b>	PHAR-129169403	<b>Company Tracking #:</b>	IL-BOP-08-13-RR-MM
<b>State:</b>	Illinois	<b>Filing Company:</b>	Pharmacists Mutual Insurance Company		
<b>TOI/Sub-TOI:</b>	11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy				
<b>Product Name:</b>	Businessowners - Medical Malpractice				
<b>Project Name/Number:</b>	IL BOP 2013/IL-BOP-08-13-RR-MM				

<b>Status Date:</b>	
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# **PHARMACISTS MUTUAL INSURANCE COMPANY**

## **Businessowners Program Pharmacy Professional Liability/Medical Malpractice ILLINOIS Rate Filing Memorandum**

Pharmacists Mutual Insurance Company is a member of AAIS for our Businessowners Program in your state. We are filing a revision to our rating for Pharmacy Professional Liability Coverage. Through analysis of our internal company data, we have determined indicated rates for our pharmacy professional liability coverage. The selected rates will provide an overall change of 0.8%.

We would like for these revisions to become effective for all new business written on or after November 1, 2013 and for all renewal business written on or after December 1, 2013.

**Section 754.EXHIBIT A Summary Sheet (Form RF-3)**

FORM (RF-3)

**SUMMARY SHEET**

Change in Company's premium or rate level produced by rate revision  
effective 11/1/13 New, 12/1/13 Renewal.

	(1) Coverage	(2) Annual Premium Volume (Illinois) *	(3) Percent Change (+or-) **
1.	Automobile Liability Private Passenger		
	Commercial		
2.	Automobile Physical Damag Private Passenger		
	Commercial		
3.	Liability Other Than Auto		
4.	Burglary and Theft		
5.	Glass		
6.	Fidelity		
7.	Surety		
8.	Boiler and Machinery		
9.	Fire		
10.	Extended Coverage		
11.	Inland Marine		
12.	Homeowners		
13.	Commercial Multi-Peril		
14.	Crop Hail		
15.	Other <u>Businessowners Professional Liab</u>	653,778	+0.8
	<b>Line of Insurance</b>		

Does filing only apply to certain territory (territories) or certain Classes? If so, specify: No

Brief description of filing. (If filing follows rates of an advisory Organization, specify organization):  
We are filing a revision to our Pharmacy Professional Liability rates.

\*Adjusted to reflect all prior rate changes.

\*\*Change in Company's premium level which will result from application of new rates.

Pharmacists Mutual Insurance Company

Name of Company

Rich Berke, East Team Vice President


Official – Title

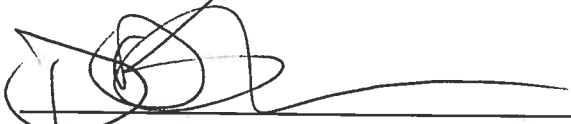
## ILLINOIS CERTIFICATION FOR MEDICAL MALPRACTICE RATES

(215 ILCS 5/155.18)(3) states that medical liability rates shall be certified in such filing by an officer of the company and a qualified actuary that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience.

I, Derrick Shannon, a duly authorized officer of Pharmacists Mutual Insurance Company, am authorized to certify on behalf of the Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

I, Derrick Shannon, a duly authorized actuary of Pharmacists Mutual Insurance Company am authorized to certify on behalf of Pharmacists Mutual Insurance Company making this filing that the company's rates are based on sound actuarial principles and are not inconsistent with the company's experience, and that I am knowledgeable of the laws, regulations and bulletins applicable to the policy rates that are the subject of this filing.

  
\_\_\_\_\_  
Signature and Title of Authorized Insurance Company Officer      VP and Chief Actuary      9/9/2013  
Date

  
\_\_\_\_\_  
Signature, Title and Designation of Authorized Actuary      FCAS, MAAA      9/9/2013  
Date

Insurance Company FEIN 42-0223390 Filing Number PHAR-129169403

Insurer's Address 808 Hwy 18 W

City Algona State Iowa Zip Code 50511

Contact Person's:

-Name and E-mail Jocelyn Whitaker jocelyn.whitaker@phmic.com

-Direct Telephone and Fax Number (515) 395-7503

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**Loss Cost Multiplier**

PHARMACISTS MUTUAL INSURANCE COMPANY will use a loss cost multiplier of 0.906 for all "Loss Costs" established by AAIS for our Businessowners Program.

**Factor Rating Information – Property Factors**

**Construction Relativities have been withdrawn and replaced by the following:**

**CONSTRUCTION RELATIVITIES**

Frame	1.000
Joist Mas	0.825
Non-Comb	0.750
Mas N-c	<del>0.580</del> <u>0.700</u>
Fire Res	<del>0.480</del> <u>0.650</u>

**Pharmacy Services Professional Liability Rates**

TYPE OF COMPOUNDING	RATE
Non-Compounded	<del>0.94</del> <u>0.96</u>
Non-Sterile Simple Compounded	<del>0.96</del> <u>1.00</u>
Non-Sterile Complex Compounded	<del>1.48</del> <u>2.00</u>
<del>Sterile Compounded</del>	<del>1.48</del>
<u>Sterile No Intrathecal or Epidural</u>	<u>2.96</u>
<u>Sterile With Intrathecal or Epidural</u>	<u>5.92</u>

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Rule 9.24.4 has been withdrawn and replaced by the following:

**9.24.4 Pharmacy Professional Liability Including ~~Professional~~ Home Health Care Consultation Services Liability or Home Health Care Services Liability Coverage**

Coverage can be added to forms BP 0100 or BP 0200 for bodily injury, property damage, or personal and advertising injury arising from the following ~~rendering or failure to render~~ pharmacy services ~~and either professional consultation services or home health care services~~.

Basic - Pharmacy Professional Liability Including Home Health Care Consultation Services.

Basic Plus - Pharmacy Professional Liability Including Home Health Care Consultation Services.

Broad - Pharmacy Professional Liability Including Home Health Care Consultation Services.

Basic - Pharmacy Professional Liability Including Home Health Care Services.

Basic Plus - Pharmacy Professional Liability Including Home Health Care Services.

Broad - Pharmacy Professional Liability Including Home Health Care Services.

**Pharmacy Professional Liability Limit Factors**

limit	factor
300,000	0.75
500,000	0.86
1,000,000	1.00
2,000,000	1.20

To determine the Pharmacy Professional Liability Including ~~Professional~~ Home Health Care Consultation Services Liability or Home Health Care Services Liability premium:

Step 1 - determine the percentage of filled prescriptions that falls into each of the following categories; the sum of these 4 groups must equal 100%.

- non-compounded,
- non-sterile simple compounded
- non-sterile complex compounded
- sterile compounded.

Step 2 – Non-compounded prescription premium:

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of non-compounded prescriptions. Gross receipts include the total amount collected for prescriptions, drugs, and pharmacy services.
- b) Multiply the result of Step 2.a) by the appropriate rate for non-compounded prescriptions, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit ~~f~~Factor.



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- c) When risk management equipment is utilized, multiply the result of Step 2.b) by the appropriate credit for risk management equipment. A 5% credit shall be provided for each piece of equipment. A 10% credit shall be applied if the risk management equipment is a PassRx. The total credit for risk management equipment may not exceed 15%.

Step -3 – Non-sterile simple compounded prescription premium:

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of non-sterile simple compounded prescriptions,
- b) Multiply the result of Step 3.a) by the appropriate rate for non-sterile simple compounded prescriptions shown in the state Businessowners Manual Exception Pages and by the appropriate Pharmacy Professional Liability Limit ~~f~~Factor.

Step 4 – Compounding Modification Factor:

- a) Add the percent of compounded prescriptions from Non-Sterile Complex and Sterile Compounding. From this sum subtract 20%. If the result is less than 0%, use 0%.
- b) The Compounding Modification Factor equals 1 minus the lesser of Step 4.a) or 30%.

Step 5 - Non-Sterile Complex Compounded prescription premium:

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of Non-Sterile Complex Compounded prescriptions.
- b) Multiply the result of Step 5.a) by the base (state specific) Not-Sterile Complex Compounding rate, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit ~~f~~Factor.
- c) Multiply the result of Step 5.b) by the Compounding Modification Factor as determined in Step 4.b).

Step 6 - Sterile Compounded prescription premium:

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of Sterile Compounded prescriptions.
- b) If the insured is compounding intrathecal or epidural injectibles, m~~A~~ultiply the result of Step 6.a) by the base (state specific) Sterile Compounding with intrathecal or epidural injectibles, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit ~~f~~Factor; otherwise, multiply the result of Step 6.a by the base (state specific) Sterile Compounding without intrathecal or epidural injectibles rate, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit factor.

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c) Multiply the result of Step 6.b) by the Compounding Modification Factor as determined in Step 4.b).

Step 7 - Add the results of Steps 2, 3, 5 and 6.

Step 8 - If the insured is either URAC or PCAB accredited, apply a 15% discount to the result of Step 7; if the insured is both URAC and PCAB accredited, apply a 25% discount to the result of Step 7. ~~If the insured is not PCAB accredited proceed to Step 9.~~

Step 9 – Add the premium generated for either ~~Professional~~ Home Health Care Consultation Services Liability (*Rule 9.24.7*) or Home Health Care Services Liability (*Rule 9.24.8*) to the result of Step 8 to determine the total Pharmacy Professional Liability Including ~~Professional~~ Home Health Care Consultation Services Liability or Home Health Care Services Liability premium.

The Pharmacy Professional Liability Including ~~Professional~~ Home Health Care Consultation Services endorsement contains provisions for the following limits:

**Each Occurrence Limit** – The Pharmacy Professional Liability Including ~~Professional~~ Home Health Care Consultation Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for pharmacy services and professional consultation services.

**Aggregate Limit** -- The Pharmacy Professional Liability Including ~~Professional~~ Home Health Care Consultation Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for pharmacy services and ~~professional~~ home health care consultation services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

~~Attach endorsement PM 1115B-IL for Pharmacy Professional Liability Including Professional Consultation Services.~~

*Attach endorsement PM 1146-IL for Basic Coverage for Pharmacy Professional Liability Including Home Health Care Consultation Services.*

*Attach endorsement PM 1147-IL for Basic Plus Coverage for Pharmacy Professional Liability Including Home Health Care Consultation Services.*

*Attach endorsement PM 1148-IL for Broad Coverage for Pharmacy Professional Liability Including Home Health Care Consultation Services.*

The Pharmacy Professional Liability Including Home Health Care Services endorsement contains provisions for the following limits:

**Each Occurrence Limit** – The Pharmacy Professional Liability Including Home Health Care Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for pharmacy services and home health care services.

**Aggregate Limit** -- The Pharmacy Professional Liability Including Home Health Care Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for pharmacy services and home health care services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

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~~Attach endorsement PM 1116B-IL for Pharmacy Professional Liability Including Home Health Care Services.~~

*Attach endorsement PM 1149-IL for Basic Coverage for Pharmacy Professional Liability Including Home Health Care Services.*

*Attach endorsement PM 1150-IL for Basic Plus Coverage for Pharmacy Professional Liability Including Home Health Care Services.*

*Attach endorsement PM 1151-IL for Broad Coverage for Pharmacy Professional Liability Including Home Health Care Services.*

**Rule 9.24.7 has been deleted from the Countrywide Exception Pages and replaced by the following:**

**9.24.7 ~~Professional~~ Home Health Care Consultation Services Liability**

Coverage may be provided for ~~Professional~~ Home Health Care Consultation Services Liability. The additional premium charge is computed by multiplying the rate shown by the gross receipts (in thousands) for professional consultation services plus the per person charge. Gross receipts for ~~professional~~ home health care consultation services include the total amount collected from medical equipment or devices, health care products and ~~professional~~ home health care consultation services.

Limit	<del>Professional</del> Home Health Care Consultation Services Rates/\$1,000 of GROSS RECEIPTS
\$ 300,000	\$1.20
\$ 500,000	\$1.40
\$1,000,000	\$1.60
\$2,000,000	\$2.00

Limit	Home Health Care Professional and/or Home Health Care Provider Charge (Per Person)
\$ 300,000	\$16.00
\$ 500,000	\$20.00
\$1,000,000	\$25.00
\$2,000,000	\$35.00

~~Professional~~ Home Health Care Consultation Services Liability coverage is either included with Pharmacy Professional Liability for pharmacy risks (*under PM 1115B-IL PM 1146-IL, PM 1147-IL & PM 1148-IL*), or provided separately with the Professional Consultation Services Liability endorsement for non-pharmacy risks.

When attached, the ~~Professional~~ Home Health Care Consultation Services Liability endorsement includes provisions for the following limits:

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**Each Occurrence Limit** – The ~~Professional~~ Home Health Care Consultation Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for professional consultation services.

**Aggregate Limit** -- The ~~Professional~~ Home Health Care Consultation Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for ~~professional~~ home health care consultation services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

*Attach endorsement PM 1093B-IL for Non-pharmacy risk.*

**Rule 9.24.8 has been deleted from the Countrywide Exception Pages and replaced by the following:**

### 9.24.8 Home Health Care Services Liability Coverage

Coverage may be provided for Home Health Care Services Liability. The additional premium charge is computed by multiplying the rate shown by the gross receipts (in thousands) for home health care services plus the per person charges. Gross receipts for home health care services include the total amounts collected from medical equipment or devices, health care products, and home health care services.

Limit	Home Health Care Services Rates/\$1,000 of GROSS RECEIPTS
\$ 300,000	\$1.20
\$ 500,000	\$1.40
\$1,000,000	\$1.60
\$2,000,000	\$2.00

Limit	First Home Health Care Professional Charge	Additional Home Health Care Professional Charge (Per Person)	Home Health Care Services Provider Charge (Per Person)
\$ 300,000	\$800	\$160	\$16
\$ 500,000	\$1000	\$200	\$20
\$1,000,000	\$1200	\$250	\$25
\$2,000,000	\$1600	\$350	\$35

Home Health Care Services Liability coverage is either included with Pharmacy Professional Liability for pharmacy risks (under ~~PM 1116B-IL~~ PM 1149-IL, PM 1150-IL & PM 1151-IL), or provided separately with the Home Health Care Services Liability endorsement for non-pharmacy risks.

When attached, the Home Health Care Services Liability endorsement includes provisions for the following limits:

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**Each Occurrence Limit** – The Home Health Care Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for home health care services.

**Aggregate Limit** -- The Home Health Care Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for home health care services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

*Attach endorsement PM 1098B-IL for Non-pharmacy risk.*

**Rule 9.49 has been added:**

**9.49 Prescription Products Liability Exclusion**

Prescription Products Liability can be excluded under the Commercial Liability Coverage when a separate Pharmacy Professional Liability Including ~~Professional~~ Home Health Care Consultation Services policy is also provided for the risk. There is no premium change for adding this endorsement; however, pharmacy receipts should not be included in the rating basis for Products Liability under the Commercial Liability Coverage. Pharmacy receipts include total amounts collected from customers for prescriptions and pharmacy services.

*Attach Endorsement PM 1117B.*

**Rule 9.50 has been added:**

**9.50 Pharmacy Professional Liability Extension**

This option is only available when the Businessowners policy is being cancelled at the insureds request due to the sale or closure of the business.

Pharmacy Professional Liability coverage can be extended for bodily injury or property damage which occurs after the policy cancellation date, provided that the incident causing the bodily injury or property damage, such as dispensing a prescription, occurred while the policy was in force.

The extension term is provided for a maximum of 6-months, beginning on the policy cancellation date and ending after 182 days, unless other dates are shown on the policy endorsement.

To determine the additional premium for this Extension, multiply the policy's annual Pharmacy Professional Liability Including ~~Professional~~ Home Health Care Consultation Services premium (see Rule 9.24.4) by 2.0%, subject to a minimum \$100.00 premium. The additional premium charged is fully earned and cannot be cancelled once accepted.

*Attach endorsement PM 1118B.*

**Rule 9.52 has been added:**

**9.52 Immunization Liability Coverage**

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**BUSINESSOWNERS PROGRAM MANUAL**  
**MEDICAL MALPRACTICE SUPPLEMENTAL**  
**ILLINOIS**

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Coverage may be provided for Immunization Liability when a non-employee immunization provider administers immunizations on the insured's behalf. The additional premium charge is computed by pro-rating the annual Home Health Care Professional per person charge from Rule 9.24.8 for the period that Immunization Liability coverage is provided, subject to a minimum \$100.00 premium.

*Attach endorsement PM 1130B.*

SERFF Tracking #:

PHAR-129169403

State Tracking #:

PHAR-129169403

Company Tracking #:

IL-BOP-08-13-RR-MM

State:

Illinois

Filing Company:

Pharmacists Mutual Insurance Company

TOI/Sub-TOI:

11.0 Medical Malpractice - Claims Made/Occurrence/11.0021 Pharmacy

Product Name:

Businessowners - Medical Malpractice

Project Name/Number:

IL BOP 2013/IL-BOP-08-13-RR-MM

## Superseded Schedule Items

Please note that all items on the following pages are items, which have been replaced by a newer version. The newest version is located with the appropriate schedule on previous pages. These items are in date order with most recent first.

Creation Date	Schedule Item Status	Schedule	Schedule Item Name	Replacement Creation Date	Attached Document(s)
09/11/2013		Supporting Document	Side by side comparison of Manual Supplement Changes	09/12/2013	IL BOP Exception Page - Supplemental Comparison 06 12 to 08 13.pdf IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13 vs 0113.pdf Comparison CW BOP Exception Pages 06 12 to 08 13.pdf (Superceded)
08/20/2013		Rate	Countrywide Businessowners Exception Pages 06 12b	09/11/2013	CW BOP Exception Pages 06 12b.pdf (Superceded)
08/20/2013		Rate	IL Businessowners Manual Exception Page - Professional Liability - Medical Malpractice Supplemental 01 13	09/11/2013	IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13.pdf (Superceded)
08/20/2013		Supporting Document	Side by side comparison of Manual Supplement Changes	09/11/2013	IL BOP Exception Page - Supplemental Comparison 06 12 to 08 13.pdf IL BOP Exception Page - Professional Liability - Medical Malpractice Supplemental 08 13 vs 0113.pdf

# PHARMACISTS MUTUAL INSURANCE COMPANY

## BUSINESSOWNERS PROGRAM MANUAL

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Rule 1.4 has been ~~withdrawn and replaced~~ amended by the following:

#### 1.4 Eligibility

References to 25,000 square foot limitation and \$3,000,000 annual gross sales limitation are eliminated for all eligible business types.

~~**Buildings** — Buildings occupied principally by eligible retail, service, or processing operations are eligible. Eligible retail, service, and processing classifications are shown in the classification section of this manual. The total area of the building must not exceed 25,000 square feet.~~

~~If the insured's business is a service or processing operation, at least 75% of the annual gross sales must be derived from on-premises operations.~~

~~Storage buildings occupied by the insured are also eligible. They must be incidental to the eligible retail, service, or processing operation and must not exceed 25,000 square feet.~~

~~Floor areas do not include basement areas not open to public.~~

~~**Business Personal Property** — The business personal property of eligible retail, service, or processing operations shown in the classification section of this manual is eligible. The area of the retail, service, or processing operation must not exceed 25,000 square feet.~~

~~If the insured's business is a service or processing operation, at least 75% of the annual gross sales must be derived from on-premises operations.~~

~~The business personal property in storage buildings occupied by the insured is also eligible. The storage buildings must not exceed 25,000 square feet and must be incidental to the retail, service, or processing operation.~~

~~Floor areas do not include basement areas not open to the public.~~

Rule 1.9 has been added:

#### 1.9 **Property Plus Coverages (BP 0200 Only)**

All risks EXCEPT Builder's Risk and Rental Dwellings are eligible for the Property Plus Coverages.

A list of the coverage and corresponding limits that are provided under the Property Plus Coverages Endorsement follows:

Coverage	Limit
Restoration Period	48-hour
<del>Lease Requirement Property Coverage</del> <u>Leased Real Property</u>	Cov B Limit
Antennas or Fences	Enhancement
Counterfeit Money or Money Orders	\$ 10,000
Fire Department Service Charges	\$ 5,000
Glass	Enhancement
Ordinance or Law – Limited Coverage	10% Cov A up to \$250,000
Outdoor Signs Not Attached to Buildings	\$ 10,000
Permanent Outdoor Structures	\$ 5,000
Cov A - Newly Acquired Buildings	up to \$500,000
Accounts Receivable - at the premises	\$ 25,000
Business Personal Property – <u>Newly</u> Acquired Locations	up to \$250,000
Business Personal Property - Off Premises	\$ 10,000
Valuable Papers and Records – at the <u>described</u> premises	\$ 25,000
Spoilage of Perishable Stock	\$ 5,000



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Water ~~Damage—Backup of Sewers and Drains~~ Backup and Overflow Coverage  
– Business Personal Property

\$ 25,000

#### Loss of Income

Interruption by Civil Authority

48-hour

Earnings from Dependent Locations – Coverage Period

48-hour

Earnings from Dependent Locations – Coverage Limit

\$ 10,000

Newly Acquired Locations

\$250,000

Off Premises Utility Failure

\$ 10,000

Loss to Another Property

\$ 5,000

Employee Dishonesty

\$ 10,000

Money & Securities Coverage

Enhancement

#### Rate:

First Location:

\$ 120

Each Additional Location:

\$ 25

The following premium modifications apply: Policy Deductible Factor, Experience Rating Factor, Multi Location Discount, Standard Individual Risk Premium Modification.

*Attach endorsement PM 1135B.*

**Rule 3.5, Scheduled Buildings, Business Personal Property And Loss Of Income, has been withdrawn and replaced by the following:**

### 3.5 Scheduled Buildings, Business Personal Property And Loss Of Income

Show the limit for each covered building, the limit for personal property at each location, and the limit of Loss of Income coverage at each location on the declarations. If the Loss of Income Without a Limit option applies, show “actual loss sustained” in the limit of insurance field on the declarations.

**Rule 3.20 has been added:**

### 3.20 Premium Installment Plans

Payment Option	Due Date	Service charge
Payment in Full	Policy eff date	No service charge
Tri-Annual	Policy eff date, 60 & 120 days	No service charge
Semi-Annual	Policy eff date & 180 days	\$5.00 on final installment
Quarterly	Policy eff date, 90, 180 & 270 days	\$5.00 on last 3 installments
EFT - monthly	Down payment of 1 month premium	\$1.00 per monthly withdrawal

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#### Rule 6.1 new deductible options introduced in Table for Rule 6.1:

- 6.1 Premium Determination** -- The deductible factors shown in the table for this rule are used in developing the building and business personal property basic policy premiums. Refer to the premium determination procedures set forth under Rule 7.7. Show the applicable deductible amount on the declarations.

Deductibles \$	Factors	
	Restaurants	Other Classes
250	1.050	1.030
500	1.000	1.000
<u>750</u>		<u>0.980</u>
1,000	0.960	0.970
<u>2,000</u>		<u>0.950</u>
3,000	0.880	<del>0.920</del> <u>0.900</u>
5,000	0.840	<del>0.890</del> <u>0.850</u>
10,000	0.820	<del>0.880</del> <u>0.800</u>
<u>25,000</u>		<u>0.750</u>
<u>50,000</u>		<u>0.650</u>
<u>75,000</u>		<u>0.600</u>

Table for Rule 6.1

#### Rule 7.5 has been withdrawn and replaced by the following:

##### 7.5 Minimum Premiums

The annual policy minimum premiums vary by form of coverage as shown below.

Form BP 0100 \$500.00

Form BP 0200 \$750.00

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**Rule 7.6 has been amended:**

#### **7.6 Multiple Occupancies**

Paragraph 6 under Building has been withdrawn and replaced by the following:

##### **Building**

-- Classify a building as owner-occupied when the building owner occupies more than 50% of the total floor area.  
Classify a building as Lessor's Risk when the building owner occupies 50% or less of the total floor area.

**Rule 7.7.9 has been withdrawn and replaced by the following:**

#### **7.7.9 Total Policy Premium**

Multiply the sum of the following by the Standard Individual Risk Premium Modification factor to determine the total standard Businessowners premium:

- basic policy premium for each covered building;
- basic policy premium for business personal property at each covered location;
- basic policy premium for liability coverage for restaurants;
- additional premium for off-premises operations;
- additional premium for swimming pools; and
- additional premium for any applicable property and general or non professional liability coverage options.

Multiply the sum of the following by the Professional Liability Individual Risk Premium Modification factor to determine the total Professional Liability premium:

- Pharmacy Services Professional Liability premium;
- Home Health Care Consultation Services Liability premium;
- Home Health Care Services Liability premium; and
- Pharmacy Professional Liability Extension premium.

Add the total Standard Businessowners premium to the total Professional Liability premium to determine the total policy premium.

**Rule 8.5, Actual Cash Value, has been withdrawn and replaced by the following:**

#### **8.5 Valuation**

##### **8.5.1 Actual Cash Value**

Building property and/or business personal property can be covered on an actual cash value basis instead of on a replacement cost basis by making the appropriate entry on the declarations. The property must be insured for its full actual cash value when this option applies.

**Premium Determination** -- When this option applies to business personal property, multiply the Business Personal Property rating information for Standard Policy coverage by the applicable factor shown in the table for this rule:

	Factor
Restaurants	1.00
Other Classes	1.10

Table for Rule 8.5

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#### Rule 8.5 Valuation (cont'd)

When this option applies to the building and the building is classified as Lessor's Risk or the building is rated under Rate Group 19, 20, or 29, multiply the Building rating information for Standard Policy coverage by the Actual Cash Value factor shown in the table for this rule.

If the building is not classified as Lessor's Risk, no adjustment to the Building rating information is required when this option applies to a building not rated under Rate Group 19, 20, or 29.

Make an entry on the declarations to show that Actual Cash Value coverage applies.

#### 8.5.2 Blanket Replacement Cost

Building property and/or business personal property can be covered on a blanket replacement cost basis when the policy provides coverage for more than one described premises. The blanket coverage must include all building property and/or business personal property insured at full replacement cost value.

Building limits for each described premises that meets the requirement for blanket replacement cost coverage will be combined into one single limit. Identify on the declarations the buildings to which the blanket replacement cost applies.

*Attach endorsement PM 1133B for Building Blanket Replacement Cost and indicate the Blanket Limit of Insurance.*

Business personal property limits for each described premises that meets the requirement for blanket replacement cost coverage will be combined into one single limit. Identify on the declarations the business personal property to which the blanket replacement cost applies.

*Attach endorsement PM 1134B for Business Personal Property Replacement Cost and indicate the Blanket Limit of Insurance.*

#### Rule 8.14 has been withdrawn and replaced by the following:

#### 8.14 Equipment Breakdown Coverage

Coverage is available under Businessowners form BP 0200 for direct physical loss to covered property due to an accident resulting from mechanical breakdown, including rupturing or bursting caused by centrifugal force, artificially generated electrical current, including electrical arcing other than lightning, explosion of steam boilers, steam piping, steam engines, or steam turbines, and damage to hot water boilers or other water heating equipment. Coverage is also provided for direct expenses from drying out covered electrical equipment as a result of a flood.

Any business otherwise eligible for coverage under the Businessowners Program is eligible for Equipment Breakdown Coverage.

When Equipment Breakdown Coverage is provided, coverage applies to each location described on the policy declarations and is subject to the property limits (coverage A and B) provided for each insured location.

The following Extensions of Coverages are also provided under the Equipment Breakdown Coverage, subject to a limit of \$25,000 for loss or damage caused by any combination of the following Causes of Loss:

1. [CFC Refrigerants – Coverage is provided for additional costs to repair or replace the covered property because of the use or presence of a refrigerant containing CFC \(chlorofluorocarbon\) substances.](#)
2. [Data Restoration – Coverage is provided for reasonable and necessary costs to research, replace, and restore lost information on software as a result of equipment breakdown.](#)

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3. **Drying out Expense** – Coverage is provided for expenses resulting from the need to dry out electrical equipment.

~~A **Change in Temperature** – Coverage is provided for loss to the insured's stock due to a change in temperature or humidity.~~

~~B **4. - Expediting Expenses** -- Coverage is provided for any reasonable extra costs spent to make temporary repairs, or to expedite permanent repairs or replacement of covered equipment.~~

5. **Pollutant Clean Up and Removal** – Coverage is provided for expenses resulting from pollutant clean up and removal for loss resulting from an equipment breakdown.

~~C **7. - Off Premises Services Interruption** -- Coverage is provided for loss of earnings and extra expense you incur due to the interruption of the following services, not at the insured premises:~~

~~-- electrical power; waste disposal; air conditioning; refrigeration; heating; natural gas; compressed air; water supply services; steam; internet access; telecommunications services; wide area networks; or data transmission. communication supply services; gas, steam or electrical power services.~~

~~D **6. - Refrigerant Contamination** -- Coverage is provided for the contamination by a refrigerant at the described premises on the insured premises.~~

8. **Spoilage** – Coverage is provided for loss to perishable goods du to spoilage at the described location.

~~E **Hazardous Substances** – Coverage is provided for the additional cost to repair or replace covered property that has been contaminated by a hazardous substance, including the additional expense to clean up or dispose of such property.~~

#### 8.14.1 Value for Rating

The limit of insurance developed for the rating of Equipment Breakdown Coverage is based on the Total Insurance Value (TIV) of covered property at the insured premises, based on the replacement cost, as follows:

-- Owner, Owner Occupied	100% Building and Contents Value
-- Owner, Not Owner Occupied	100% Building Value
-- Tenant	100% Contents Value

#### 8.14.2 Deductible

This coverage is subject to the Businessowners Property deductible, shown on the policy. Refer to Rule 6 of the Loss Cost Rating Information for the Deductible Factors.

#### 8.14.3 Minimum Location Charge

The minimum premium charge for each insured location is \$25.00.

#### 8.14.4 Rates

The rate for Equipment Breakdown Coverage is \$0.25 per \$1,000 of Total Insurance Value (TIV) per each insured location, subject to the Minimum Location Charge.

#### 8.14.5 Premium Development

The premium for Equipment Breakdown Coverage is determined by multiplying the rate per Deductible by the Total Insurance Value (TIV) for every location.

Step 1 – Determine the Total Insurance Value (TIV), based on the full replacement cost, of all covered property located at an insured location.

Step 2 – Multiply the 100% TIV by the Equipment Breakdown Rate;

Step 3 – Multiply the results of Step 2 by the Deductible Factor;

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Step 4 – Multiply the results of Step 3 by the Standard Individual Risk Premium Modification that applies to the Businessowners Policy;

Step 5 – The resulting premium is subject to a \$25.00 minimum location charge.

*Attach endorsement PM 1103B.*

~~*Attach endorsement PM 1103B-AK. (Alaska)*~~

~~*Attach endorsement PM 1103B-WA. (Washington)*~~

#### Rule 8.32 has been withdrawn and replaced by the following:

#### 8.32 Data Compromise

##### 1. Description of Coverage (see endorsement for exact description, limitations)

The Data Compromise form provides coverage for specified expenses arising from a “Personal Data Compromise” involving “Personally Identifying Information” of “Affected Individuals.”

“Affected Individuals” may be customers, clients, members, directors or employees of the insured entity.

Form PM 1140B is in two sections. The first section, Response Expenses coverage, provides coverage for Legal and Forensic Information Technology Review; Notification to Affected Individuals; and Services to Affected Individuals.

The second section, Defense and Liability coverage, supplements the program by providing coverage for defense and settlement costs in the event that “affected individuals” sue the insured.

##### 2. Eligibility

Insured entities are eligible for either form if they are in an approved state and an eligible class of business. Ineligible classes are as follows:

Financial Institutions, Adult Business, Gambling or Gaming, Credit Card or Financial Transaction Processing, Hospitals, Data Processors, IT Outsourcing Companies, Information/Data Brokers, and Credit Reporting Agencies, Collection Agents, Municipalities, Educational Institutions.

Any new business account with package premium greater than \$100,000 will be referred for eligibility.

##### 3. Coverage Limits

The standard annual aggregate limits of liability are \$50,000 for Response Expense coverage and a separate \$50,000 for Defense and Liability coverage.

All annual aggregate limits apply with respect to losses first discovered by the insured during any one policy year.

Increased limits of \$100,000 and \$250,000 are available. A questionnaire is required when \$100,000 or \$250,000 limits are requested.

##### 4. Deductible

Coverage under the Response Expense coverage is subject to a \$1,000 Deductible amount for each “Personal Data Compromise.” Defense and Liability coverage is subject to a \$1,000 Deductible amount for each “Data Compromise Suit”. No other options are currently available.

##### 5. Premium Determination

Please refer to the Data Compromise rate table.

The rate table indicates the applicable premium based on class of business and coverage selected. Eligible classes of business are divided into three tiers as follows:

##### Tier 1 Classes

Companies whose only personal information is relative to employees.

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Examples: Manufacturing, Wholesaling

#### Tier 2 Classes

Companies that keep financial or account number information on individual customers but do not keep customers' Social Security numbers.

Examples: Retail, Churches

#### Tier 3 Classes

Companies with customers' Social Security numbers.

### 6. Data Compromise Rate Tables

<u>Tier 1</u>	<u>Tier 2</u>	<u>Tier 3</u>
<u>\$81</u>	<u>\$134</u>	<u>\$179</u>

Increased limit factors are applied as follows:

<u>Limit</u>	<u>Factor</u>
<u>\$50,000</u>	<u>1.00</u>
<u>\$100,000</u>	<u>1.80</u>
<u>\$250,000</u>	<u>3.60</u>

The premium is not subject to further modification by the application of any other factors, including but not limited to, company deviations, IRPM factors, or expense modifications.

### 7. Minimum Premium

This coverage is not subject to a minimum premium.

### 8. In-term Coverage Request

This endorsement may be added at the anniversary of the policy or may be added in-term.

Attach endorsement PM 1140B.

**Rule 9.1 has been withdrawn and replaced by the following:**

#### **9.1 Additional Insureds**

The liability section of the Businessowners policies may require modification in order to extend the insured's liability protection to other persons or entities. This can be accomplished through the use of Additional Insured endorsements.

Coverage for additional insureds is subject to all of the exclusions and conditions found in the liability section of the Businessowners policy to which the additional insured endorsement is attached. Each endorsement may contain additional limitations.

Unless otherwise shown in the manual, to determine the additional premium for each additional insured at each location, select the additional insured charge from the table (below) that corresponds to the occupancy of the insured.

	<b>Premium Charge</b> (Each additional insured, per location)
Apartment or Office Risks	\$ 5.00

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All Other Risks	\$ 15.00
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Rule 9.1.10 has been withdrawn and replaced by the following:

#### 9.1.10 Newly Acquired Organizations

The definition of ~~insured you and your~~ can be amended to include organizations newly acquired or formed by the insured for the first 90 days after the date of the organization's acquisition or formation. There is no additional premium for Additional Insured - Newly Acquired Organizations

*Attach endorsement BP 0738.*

Rule 9.8 Customers' Auto Legal Liability Coverage – Care, Custody, or Control Exception - Premium Determination has been amended as follows:

#### 9.8 Customers' Auto Legal Liability Coverage – Care, Custody, or Control Exception

**Premium Determination** -- Refer to the company's Commercial Automobile Program for rating.

Rule 9.9 has been withdrawn and replaced by the following:

#### 9.9 Definition of Employee Redefined

##### 9.9.1 Exclude Leased Worker

The definition of employee can be amended to exclude leased workers. A leased worker is a person leased from a labor leasing firm to perform duties related to the named insured's business.

*Attach endorsement BP 0723.*

##### 9.9.2 Include Temporary Worker

The definition of employee can be amended to include temporary workers. A temporary worker is a person furnished as a temporary substitute for a permanent employee who is on a leave of absence, or person added to meet seasonal or short-term workloads.

*Attach endorsement PM 1114B.*

Rule 9.13.4 has been withdrawn and replaced by the following:

#### 9.13.4 Employment Practices Liability (Coverage F)

##### ~~Minimum Premium~~

~~The following minimum premiums apply to each corresponding limit of insurance for Employment Practices Liability Coverage:~~

~~Per Claim And Aggregate Limit; (,000's omitted)~~

	<del>\$25</del>	<del>\$50</del>	<del>\$100</del>	<del>\$300</del>	<del>\$500</del>	<del>\$1,000</del>
<del>Minimum</del>	<del>\$300</del>	<del>\$300</del>	<del>\$500</del>	<del>\$500</del>	<del>\$1,000</del>	<del>\$1,000</del>

#### Employment Practices Liability Minimum Premium

Minimum Premium - \$300.00

Employment Practices Liability premium including minimum premium is in addition to the policy minimum premium.



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Step 3 of Rule 9.13.8 has been withdrawn and replaced by the following:

#### 9.13.8 Employment Practices Liability (Coverage F)

##### Premium Development – Step 3 - More Than 100 Employees

- Follow Step 3 for 51 to 100 employees.
- Multiply the “More Than 100 Per Employee Charge” by the number of employees that exceed 100 and add the result to the charge calculated in Step 2.

#### MORE THAN 100 PER EMPLOYEE CHARGE

Per Claim and Aggregate Limit (000's omitted)	\$25	\$50	\$100	\$300	\$500	\$1,000
RETAIL RISKS (Rate Groups 11 – 18)	\$12	\$15	\$20	\$22	\$24	\$28
SERVICE RISKS & RESTAURANTS (Rate Groups 2-10 and 21)	\$20	\$24	\$30	\$34	\$38	\$46
OFFICE/HABITATIONAL, WAREHOUSE & WHOLESALE RISKS (Rate Groups 1, 19, 20 & 22-29)	\$29	\$35	\$44	\$50	\$54	\$66

Rule 9.17.3 has been withdrawn and replaced by the following:

#### 9.17.3 Higher General Aggregate Limit

The policy may be written subject to higher annual General Aggregate Limits. Refer to the table below for calculating the additional premium. Add the premium listed to the liability premium.

AGGREGATE LIMIT	PREMIUM CHARGE
\$ 3,000,000	<del>\$100</del> \$85
4,000,000	<del>\$150</del> \$170
5,000,000	<del>\$200</del> \$250
6,000,000	<del>\$250</del> \$335

Rule 9.20.3 has been added:

#### 9.20.3 Pharmacy Liquor Liability Endorsement

The Pharmacy Liquor Liability Endorsement modifies the Commercial Liability Coverage by removing the liquor liability exclusion, adding four exclusions to the liquor liability coverage created, and specifying that amount of liquor liability coverage is limited as shown in the Declarations.

There are three levels of hazard depending upon the laws in the various states. The states are classified and rates applied according to the following classification table:

Class I: Delaware, Iowa, Kansas, Maryland, Missouri, Nebraska, Nevada, South Dakota, Virginia

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Class II: Alaska, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Montana, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Washington, West Virginia, Wisconsin, Wyoming

Class III: Alabama, Vermont

#### Pharmacy Liquor Liability Annual Rates\* ~~and Minimum Premiums~~

~~CLASS — RATE\* / MINIMUM PREMIUM~~

CLASS	\$300,000	\$500,000	\$1,000,000
I	0.62 <del>/ \$75</del>	0.75 <del>/ \$100</del>	0.87 <del>/ \$105</del>
II	2.40 <del>/ \$250</del>	2.90 <del>/ \$300</del>	3.37 <del>/ \$350</del>
III	5.78 <del>/ \$625</del>	7.00 <del>/ \$750</del>	8.15 <del>/ \$875</del>

\*per \$1,000 liquor receipts

#### Pharmacy Liquor Liability Minimum Premium

Minimum Premium - \$100.00

Pharmacy Liquor Liability premium including minimum premium is in addition to the policy minimum premium.

#### Pharmacy Liquor Liability Credits & Debits:

The Pharmacy Liquor Liability Endorsement rates may be modified in accordance with the following Risk Management consideration to a maximum of 25% credit or debit.

	RISK MANAGEMENT MODIFICATIONS
1. Management qualifications and experience	5% credit to 5% debit
2. Employee training and supervision	10% credit to 10% debit
3. Beer and wine only	10% credit to 10% debit
4. Special Risk Management procedures taken	5% credit to 0% debit
5. Care and condition of premises	10% credit to 10% debit

Rule 10, Individual Risk Premium Modification, does not apply.

#### 9.20.3 Pharmacy Liquor Liability Endorsement (cont'd)

~~Attach endorsement PM 1026B. (All States, except: Georgia, Michigan, Mississippi, South Carolina, and Texas)~~

~~Attach endorsement PM 1026B-GA. (Georgia)~~

~~Attach endorsement PM 1026B-MI. (Michigan)~~

~~Attach endorsement PM 1026B-MS. (Mississippi)~~

~~Attach endorsement PM 1026B-SC. (South Carolina)~~

# PHARMACISTS MUTUAL INSURANCE COMPANY

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**Rule 9.51 has been added:**

#### **9.51 Financial Loss Coverage**

Coverage may be provided for Financial Loss Liability. The additional premium per policy is \$75.

Rule 10, Individual Risk Premium Modification, does not apply. Financial loss liability minimum premiums are in addition to any policy minimum premiums.

*Attach endorsement PM 1113B.*

~~Rule 9.52 has been added:~~

#### ~~9.52 Immunization Liability Coverage~~

~~Coverage may be provided for Immunization Liability when a non-employee immunization provider administers immunizations on the insured's behalf. The additional premium charge is computed by pro-rating the annual Home Health Care Professional per person charge from Rule 9.24.8 for the period that Immunization Liability coverage is provided, subject to a minimum \$100.00 premium.~~

~~Attach endorsement PM 1130B.~~

~~Attach endorsement PM 1130B-IL (Illinois)~~

**Rule 9.53 has been added:**

#### **9.53 Water Legal Liability (BP 0200 Only)**

All risks EXCEPT Builder's Risk and Rental Dwellings are eligible for Water Legal Liability coverage at a limit of \$50,000. There is no premium charged for this limit.

Attach endorsement PM 1142B.

**Rule 9.54 has been added:**

#### **9.54 Products Redefined**

This mandatory endorsement redefines products to not include "prescription products," a defined term for which coverage may be provided under a Pharmacy Professional Liability endorsement when applicable.

Attach endorsement PM 1152.

**Rule 9.55 has been added:**

#### **9.55 Duty to Defend Ends with Tendered Limit**

This mandatory endorsement adds a fourth scenario under which our duty to defend is limited: by payment of the policy limit.

Attach endorsement PM 1153.

**Rule 9.56 has been added:**

#### **9.56 Drug Manufacturing Exclusion**

This mandatory endorsement excludes coverage for "drug manufacturing," a defined term for which limited coverage may be provided under a Pharmacy Professional Liability endorsement when applicable.

Attach endorsement PM 1154.

# PHARMACISTS MUTUAL INSURANCE COMPANY

## BUSINESSOWNERS PROGRAM MANUAL

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Rule 10 has been withdrawn and replaced by the following:

#### RULE 10 -- INDIVIDUAL RISK PREMIUM MODIFICATIONS

Individual Risk Premium Modifications will be applied separately to Professional Liability and standard policy premiums.

#### Rule 10.1 – Standard Individual Risk Premium Modifications

The following modifications can be applied to recognize special characteristics of the risk that are not fully reflected in the rating information. The sum of credits or debits developed using the following table cannot exceed 25%. Convert the total credit or debit developed under this rule to a factor and apply to the total standard policy premium after all other rating procedures have been completed.

RISK VARIATIONS	RANGE OF MODIFICATIONS		
	CREDIT		DEBIT
(1) Care and condition of equipment and premises	-10%	to	+10%
(2) Classification variations	-10%	to	+10%
(3) Cooperation of owners or operators regarding recommendations with respect to structural features, segregation, control of hazards and maintenance of protective equipment, and risk evaluation review	-10%	to	+10%
(4) Damage and susceptibility	-10%	to	+10%
(5) Dispersion or concentration	- 5%	to	+ 5%
(6) Employees: selection, training, supervision, experience	- 5%	to	+ 5%
(7) Location: accessibility, congestion, and exposures	-10%	to	+10%
(8) Miscellaneous protective features or hazards	-10%	to	+10%
(9) Protective devices not otherwise reflected in rates	-10%	to	+10%
(10) Storage practices and hazardous operations	-10%	to	+10%
(11) Superior or inferior structural features	-10%	to	+10%

#### Rule 10.2 – Professional Liability Individual Risk Premium Modifications

The following modifications can be applied to recognize special characteristics of the risk that are not fully reflected in the professional liability rating information. The sum of credits or debits developed using the following table cannot exceed 25%. Convert the total credit or debit developed under this rule to a factor and apply to the total Professional Liability premium after all other rating procedures have been completed.

RISK VARIATIONS	RANGE OF MODIFICATIONS		
	CREDIT		DEBIT
(1) Classification variations	-10%	to	+10%
(2) Cooperation with insurer regarding recommendations and/or industry standards with respect to risk management procedures and risk evaluation review	-10%	to	+10%
(3) Employees: selection, training, supervision, experience	- 5%	to	+ 5%
(4) Past losses	-10%	to	+10%
(5) Professional accreditation/sanction	- 15%	to	+15%
(6) Professional services provided	- 10%	to	+10%
(7) Quality control	- 10%	to	+10%

# PHARMACISTS MUTUAL INSURANCE COMPANY

## BUSINESSOWNERS PROGRAM MANUAL

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**Rule 11 has been added:**

#### **RULE 11 — EXPERIENCE RATING PLAN**

Use the Experience Rating Plan to modify the policy premium to recognize an insured's claims payment history and the size of risk.

An Experience Rating Modification shall be applied to the combined total of all Property and General Liability Coverages. This modification shall be applied to all coverages except the professional liability coverages, equipment breakdown, [data compromise](#), earthquake or terrorism coverages.

This modification shall be calculated based on the size of risk (number of locations on the policy) and the number of paid losses within the 60 month period prior to the effective date of the application or the ~~processing of a policy~~ renewal [date](#).

If a loss is not counted at the first renewal following the claim, we reserve the right to count the incident at the subsequent renewal.

Claims experience is derived from property and general liability losses only. Professional liability, equipment breakdown, [data compromise](#), earthquake or terrorism claims are not considered for experience rating.

Claims which result from a catastrophic event, which have ~~the same an~~ accident date [within the same 72-hr time frame](#), which may have occurred at multiple locations on the same policy shall be counted as a single loss.

The information required to determine an insured's claims payment history may be obtained from:

- an application signed by the applicant or insured;
- a loss history report or claims history database; and/or
- company internal records.

#### HIGHER DEDUCTIBLE OPTION

If, at renewal, it is determined that an insured has had a claim during the experience period of \$500 or less, the insured shall have the option to select a higher deductible. If a higher deductible is selected, the claim will not be included in calculation of the experience rating factor.

#### CALCULATION OF EXPERIENCE RATING FACTOR:

$$\left( \frac{\text{Number of Claims}}{\text{Number of Locations} \times \text{Average Number of Claims per location}} \right) \times \left( \frac{\text{Number of Locations}}{\text{Number of Locations} + \text{Credibility}} \right) + \left( 1 - \left( \frac{\text{Number of Locations}}{\text{Number of Locations} + \text{Credibility}} \right) \right)$$

Maximum Credit = ~~25~~[50](#)%

~~Maximum Debit = 25%~~ [The increase in premium due to application of the experience rating factor shall not exceed 25% with subsequent renewals.](#)

If the policyholder has been in business less than 5 years and they have had no property or general liability losses, apply a factor of 1.00.

# PHARMACISTS MUTUAL INSURANCE COMPANY

## BUSINESSOWNERS PROGRAM MANUAL

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Rule 12 has been added:

#### RULE 12 -- MULTI LOCATION DISCOUNT

Credit will be applied when a policy includes coverage to more than one location. This credit will be determined by the number of locations written on the policy. The Multi Location Discount, as provided in the following table, will be applied to all coverages except Equipment Breakdown [and Data Compromise](#).

Number of Locations	Discount
1	0.0%
2	7.5%
3	10.0%
4 to 8	12.5%
9 or more	15.0%

The following has been added to the Countrywide Classification Table:

#### COUNTRYWIDE CLASSIFICATION TABLE

Classification	Stat Code	Rate Groups				
		Prop	SP	SL	EQ	L
Home Health Care Agency	99059	1	1	m	3	--
<a href="#">Wholesale – Home Medical Equipment</a>	<a href="#">99061</a>	<a href="#">23</a>	<a href="#">6</a>	<a href="#">h</a>	<a href="#">3</a>	<a href="#">--</a>

# PHARMACISTS MUTUAL INSURANCE COMPANY

## BUSINESSOWNERS PROGRAM MANUAL

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**Rule 1.4 has been withdrawn and replaced by the following:**

#### **1.4 Retail, Service, or Processing**

**Buildings** – Buildings occupied principally by eligible retail, service, or processing operations are eligible. Eligible retail, service, and processing classifications are shown in the classification section of this manual. The total area of the building must not exceed 25,000 square feet.

If the insured's business is a service or processing operation, at least 75% of the annual gross sales must be derived from on-premises operations.

Storage buildings occupied by the insured are also eligible. They must be incidental to the eligible retail, service, or processing operation and must not exceed 25,000 square feet.

Floor areas do not include basement areas not open to public.

**Business Personal Property** – The business personal property of eligible retail, service, or processing operations shown in the classification section of this manual is eligible. The area of the retail, service, or processing operation must not exceed 25,000 square feet.

If the insured's business is a service or processing operation, at least 75% of the annual gross sales must be derived from on-premises operations.

The business personal property in storage buildings occupied by the insured is also eligible. The storage buildings must not exceed 25,000 square feet and must be incidental to the retail, service, or processing operation.

Floor areas do not include basement areas not open to the public.

**Rule 1.9 has been added:**

#### **1.9 Property Plus Coverages (BP 0200 Only)**

All risks are eligible for the Property Plus Coverages.

A list of the coverage and corresponding limits that are provided under the Property Plus Coverages Endorsement follows:

Coverage	Limit
Restoration Period	48-hour
Lease Requirement Property Coverage	Cov B Limit
Antennas or Fences	Enhancement
Counterfeit Money or Money Orders	\$ 10,000
Fire Department Service Charges	\$ 5,000
Glass	Enhancement
Ordinance or Law – Limited Coverage	10% Cov A up to \$250,000
Outdoor Signs Not Attached to Buildings	\$ 10,000
Permanent Outdoor Structures	\$ 5,000
Cov A - Newly Acquired Buildings	up to \$500,000
Accounts Receivable - at the premises	\$ 25,000
Business Personal Property - Acquired Locations	up to \$250,000
Business Personal Property - Off Premises	\$ 10,000
Valuable Papers and Records – at the premises	\$ 25,000
Spoilage of Perishable Stock	\$ 5,000
Water Damage - Backup of Sewers and Drains	\$ 25,000

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#### 1.9 Property Plus Coverages (BP 0200 Only) – (cont'd)

Loss of Income	
Interruption by Civil Authority	48-hour
Earnings from Dependent Locations – Coverage Period	48-hour
Earnings from Dependent Locations – Coverage Limit	\$ 10,000
Newly Acquired Locations	\$250,000
Off Premises Utility Failure	\$ 10,000
Loss to Another Property	\$ 5,000
Employee Dishonesty	\$ 10,000
Money & Securities Coverage	Enhancement

Rate:

First Location:	\$ 120
Each Additional Location:	\$ 25

The following premium modifications apply: Policy Deductible Factor, Experience Rating Factor, Multi Location Discount, Standard Individual Risk Premium Modification.

*Attach endorsement PM 1135B.*

**Rule 3.5, Scheduled Buildings, Business Personal Property And Loss Of Income, has been withdrawn and replaced by the following:**

#### 3.5 Scheduled Buildings, Business Personal Property And Loss Of Income

Show the limit for each covered building, the limit for personal property at each location, and the limit of Loss of Income coverage at each location on the declarations. If the Loss of Income Without a Limit option applies, show “actual loss sustained” in the limit of insurance field on the declarations.

**Rule 3.20 has been added:**

#### 3.20 Premium Installment Plans

Payment Option	Due Date	Service charge
Payment in Full	Policy eff date	No service charge
Tri-Annual	Policy eff date, 60 & 120 days	No service charge
Semi-Annual	Policy eff date & 180 days	\$5.00 on final installment
Quarterly	Policy eff date, 90, 180 & 270 days	\$5.00 on last 3 installments
EFT - monthly	Down payment of 1 month premium	\$1.00 per monthly withdrawal

**Rule 7.5 has been withdrawn and replaced by the following:**

#### 7.5 Minimum Premiums

The annual policy minimum premiums vary by form of coverage as shown below.

Form BP 0100	\$500.00
Form BP 0200	\$750.00



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**Rule 7.6 has been amended:**

#### **7.6 Multiple Occupancies**

Paragraph 6 under Building has been withdrawn and replaced by the following:

##### **Building**

-- Classify a building as owner-occupied when the building owner occupies more than 50% of the total floor area. Classify a building as Lessor's Risk when the building owner occupies 50% or less of the total floor area.

**Rule 7.7.9 has been withdrawn and replaced by the following:**

#### **7.7.9 Total Policy Premium**

Multiply the sum of the following by the Standard Individual Risk Premium Modification factor to determine the total standard Businessowners premium:

- basic policy premium for each covered building;
- basic policy premium for business personal property at each covered location;
- basic policy premium for liability coverage for restaurants;
- additional premium for off-premises operations;
- additional premium for swimming pools; and
- additional premium for any applicable property and general or non professional liability coverage options.

Multiply the sum of the following by the Professional Liability Individual Risk Premium Modification factor to determine the total Professional Liability premium:

- Pharmacy Services Professional Liability premium;
- Home Health Care Consultation Services Liability premium;
- Home Health Care Services Liability premium; and
- Pharmacy Professional Liability Extension premium.

Add the total Standard Businessowners premium to the total Professional Liability premium to determine the total policy premium.

**Rule 8.5, Actual Cash Value, has been withdrawn and replaced by the following:**

#### **8.5 Valuation**

##### **8.5.1 Actual Cash Value**

Building property and/or business personal property can be covered on an actual cash value basis instead of on a replacement cost basis by making the appropriate entry on the declarations. The property must be insured for its full actual cash value when this option applies.

**Premium Determination** -- When this option applies to business personal property, multiply the Business Personal Property rating information for Standard Policy coverage by the applicable factor shown in the table for this rule:

	Factor
Restaurants	1.00
Other Classes	1.00

Table for Rule 8.5

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#### Rule 8.5 Valuation (cont'd)

When this option applies to the building and the building is classified as Lessor's Risk or the building is rated under Rate Group 19, 20, or 29, multiply the Building rating information for Standard Policy coverage by the Actual Cash Value factor shown in the table for this rule.

If the building is not classified as Lessor's Risk, no adjustment to the Building rating information is required when this option applies to a building not rated under Rate Group 19, 20, or 29.

Make an entry on the declarations to show that Actual Cash Value coverage applies.

#### 8.5.2 Blanket Replacement Cost

Building property and/or business personal property can be covered on a blanket replacement cost basis when the policy provides coverage for more than one described premises. The blanket coverage must include all building property and/or business personal property insured at full replacement cost value.

Building limits for each described premises that meets the requirement for blanket replacement cost coverage will be combined into one single limit. Identify on the declarations the buildings to which the blanket replacement cost applies.

*Attach endorsement PM 1133B for Building Blanket Replacement Cost and indicate the Blanket Limit of Insurance.*

Business personal property limits for each described premises that meets the requirement for blanket replacement cost coverage will be combined into one single limit. Identify on the declarations the business personal property to which the blanket replacement cost applies.

*Attach endorsement PM 1134B for Business Personal Property Replacement Cost and indicate the Blanket Limit of Insurance.*

#### Rule 8.14 has been withdrawn and replaced by the following:

#### 8.14 Equipment Breakdown Coverage

Coverage is available under Businessowners form BP 0200 for direct physical loss to covered property due to an accident resulting from mechanical breakdown, including rupturing or bursting caused by centrifugal force, artificially generated electrical current, including electrical arcing other than lightning, explosion of steam boilers, steam piping, steam engines, or steam turbines, and damage to hot water boilers or other water heating equipment. Coverage is also provided for direct expenses from drying out covered electrical equipment as a result of a flood.

Any business otherwise eligible for coverage under the Businessowners Program is eligible for Equipment Breakdown Coverage.

When Equipment Breakdown Coverage is provided, coverage applies to each location described on the policy declarations and is subject to the property limits (coverage A and B) provided for each insured location.

The following Extensions of Coverages are also provided under the Equipment Breakdown Coverage, subject to a limit of \$25,000 for loss or damage caused by any combination of the following Causes of Loss:

**A - Change in Temperature** -- Coverage is provided for loss to the insured's stock due to a change in temperature or humidity.

**B - Expediting Expenses** -- Coverage is provided for any reasonable extra costs spent to make temporary repairs, or to expedite permanent repairs or replacement of covered equipment.

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#### 8.14 Equipment Breakdown Coverage (cont'd)

**C - Off Premises Services** -- Coverage is provided for loss of earnings and extra expense you incur due to the interruption of the following services, not at the insured premises:

- water supply services;
- communication supply services;
- gas, steam or electrical power services.

**D - Refrigerant Contamination** -- Coverage is provided for the contamination by a refrigerant on the insured premises.

**E - Hazardous Substances** -- Coverage is provided for the additional cost to repair or replace covered property that has been contaminated by a hazardous substance, including the additional expense to clean up or dispose of such property.

##### 8.14.1 Value for Rating

The limit of insurance developed for the rating of Equipment Breakdown Coverage is based on the Total Insurance Value (TIV) of covered property at the insured premises, based on the replacement cost, as follows:

- |                              |                                  |
|------------------------------|----------------------------------|
| -- Owner, Owner Occupied     | 100% Building and Contents Value |
| -- Owner, Not Owner Occupied | 100% Building Value              |
| -- Tenant                    | 100% Contents Value              |

##### 8.14.2 Deductible

This coverage is subject to the Businessowners Property deductible, shown on the policy. Refer to Rule 6 of the Loss Cost Rating Information for the Deductible Factors.

##### 8.14.3 Minimum Location Charge

The minimum premium charge for each insured location is \$25.00.

##### 8.14.4 Rates

The rate for Equipment Breakdown Coverage is \$0.25 per \$1,000 of Total Insurance Value (TIV) per each insured location, subject to the Minimum Location Charge.

##### 8.14.5 Premium Development

The premium for Equipment Breakdown Coverage is determined by multiplying the rate per Deductible by the Total Insurance Value (TIV) for every location.

Step 1 – Determine the Total Insurance Value (TIV), based on the full replacement cost, of all covered property located at an insured location.

Step 2 – Multiply the 100% TIV by the Equipment Breakdown Rate;

Step 3 – Multiply the results of Step 2 by the Deductible Factor;

Step 4 – Multiply the results of Step 3 by the Standard Individual Risk Premium Modification that applies to the Businessowners Policy;

Step 5 – The resulting premium is subject to a \$25.00 minimum location charge.

*Attach endorsement PM 1103B.*

*Attach endorsement PM 1103B-AK. (Alaska)*

*Attach endorsement PM 1103B-WA. (Washington)*

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## BUSINESSOWNERS PROGRAM MANUAL

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**Rule 9.1 has been withdrawn and replaced by the following:**

#### **9.1 Additional Insureds**

The liability section of the Businessowners policies may require modification in order to extend the insured's liability protection to other persons or entities. This can be accomplished through the use of Additional Insured endorsements.

Coverage for additional insureds is subject to all of the exclusions and conditions found in the liability section of the Businessowners policy to which the additional insured endorsement is attached. Each endorsement may contain additional limitations.

Unless otherwise shown in the manual, to determine the additional premium for each additional insured at each location, select the additional insured charge from the table (below) that corresponds to the occupancy of the insured.

	<b>Premium Charge</b> (Each additional insured, per location)
Apartment or Office Risks	\$ 5.00
All Other Risks	\$ 15.00

**Rule 9.1.10 has been withdrawn and replaced by the following:**

#### **9.1.10 Newly Acquired Organizations**

The definition of insured can be amended to include organizations newly acquired or formed by the insured for the first 90 days after the date of the organization's acquisition or formation. There is no additional premium for Additional Insured - Newly Acquired Organizations

*Attach endorsement BP 0738.*

**Rule 9.8 Customers' Auto Legal Liability Coverage – Care, Custody, or Control Exception - Premium Determination has been amended as follows:**

#### **9.8 Customers' Auto Legal Liability Coverage – Care, Custody, or Control Exception**

**Premium Determination** -- Refer to the company's Commercial Automobile Program for rating.

**Rule 9.9 has been withdrawn and replaced by the following:**

#### **9.9 Definition of Employee Redefined**

##### **9.9.1 Exclude Leased Worker**

The definition of employee can be amended to exclude leased workers. A leased worker is a person leased from a labor leasing firm to perform duties related to the named insured's business.

*Attach endorsement BP 0723.*

##### **9.9.2 Include Temporary Worker**

The definition of employee can be amended to include temporary workers. A temporary worker is a person furnished as a temporary substitute for a permanent employee who is on a leave of absence, or person added to meet seasonal or short-term workloads.

*Attach endorsement PM 1114B.*

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Rule 9.13.4 has been withdrawn and replaced by the following:

#### 9.13.4 Employment Practices Liability (Coverage F)

##### Minimum Premium

The following minimum premiums apply to each corresponding limit of insurance for Employment Practices Liability Coverage:

##### Per Claim And Aggregate Limit; (,000's omitted)

	\$25	\$50	\$100	\$300	\$500	\$1,000
Minimum	\$300	\$300	\$500	\$500	\$1,000	\$1,000

Step 3 of Rule 9.13.8 has been withdrawn and replaced by the following:

#### 9.13.8 Employment Practices Liability (Coverage F)

##### Premium Development – Step 3 - More Than 100 Employees

- Follow Step 3 for 51 to 100 employees.
- Multiply the “More Than 100 Per Employee Charge” by the number of employees that exceed 100 and add the result to the charge calculated in Step 2.

##### MORE THAN 100 PER EMPLOYEE CHARGE

Per Claim and Aggregate Limit (000's omitted)	\$25	\$50	\$100	\$300	\$500	\$1,000
RETAIL RISKS (Rate Groups 11 – 18)	\$12	\$15	\$20	\$22	\$24	\$28
SERVICE RISKS & RESTAURANTS (Rate Groups 2-10 and 21)	\$20	\$24	\$30	\$34	\$38	\$46
OFFICE/HABITATIONAL, WAREHOUSE & WHOLESALE RISKS (Rate Groups 1, 19, 20 & 22-29)	\$29	\$35	\$44	\$50	\$54	\$66

Rule 9.17.3 has been withdrawn and replaced by the following:

#### 9.17.3 Higher General Aggregate Limit

The policy may be written subject to higher annual General Aggregate Limits. Refer to the table below for calculating the additional premium. Add the premium listed to the liability premium.

AGGREGATE LIMIT	PREMIUM CHARGE
\$ 3,000,000	\$100
4,000,000	\$150
5,000,000	\$200
6,000,000	\$250

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Rule 9.20.3 has been added:

#### 9.20.3 Pharmacy Liquor Liability Endorsement

The Pharmacy Liquor Liability Endorsement modifies the Commercial Liability Coverage by removing the liquor liability exclusion, adding four exclusions to the liquor liability coverage created, and specifying that amount of liquor liability coverage is limited as shown in the Declarations.

There are three levels of hazard depending upon the laws in the various states. The states are classified and rates applied according to the following classification table:

Class I: Delaware, Iowa, Kansas, Maryland, Missouri, Nebraska, Nevada, South Dakota, Virginia

Class II: Alaska, Arizona, Arkansas, California, Colorado, Connecticut, District of Columbia, Florida, Georgia, Hawaii, Idaho, Illinois, Indiana, Kentucky, Louisiana, Maine, Massachusetts, Michigan, Minnesota, Mississippi, Montana, New Hampshire, New Jersey, New Mexico, New York, North Carolina, North Dakota, Ohio, Oklahoma, Oregon, Pennsylvania, Rhode Island, South Carolina, Tennessee, Texas, Utah, Washington, West Virginia, Wisconsin, Wyoming

Class III: Alabama, Vermont

#### Pharmacy Liquor Liability Annual Rates and Minimum Premiums

CLASS RATE\*/MINIMUM PREMIUM

CLASS	\$300,000	\$500,000	\$1,000,000
I	0.62 / \$ 75	0.75/\$100	0.87/\$105
II	2.40 / \$250	2.90/\$300	3.37/\$350
III	5.78 / \$625	7.00/\$750	8.15/\$875

\*per \$1,000 liquor receipts

#### Pharmacy Liquor Liability Credits & Debits:

The Pharmacy Liquor Liability Endorsement rates may be modified in accordance with the following Risk Management consideration to a maximum of 25% credit or debit.

RISK MANAGEMENT MODIFICATIONS	
1. Management qualifications and experience	5% credit to 5% debit
2. Employee training and supervision	10% credit to 10% debit
3. Beer and wine only	10% credit to 10% debit
4. Special Risk Management procedures taken	5% credit to 0% debit
5. Care and condition of premises	10% credit to 10% debit

Rule 10, Individual Risk Premium Modification, does not apply. Pharmacy Liquor liability minimum premiums are in addition to any policy minimum premiums.

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#### **9.20.3 Pharmacy Liquor Liability Endorsement (cont'd)**

*Attach endorsement PM 1026B. (All States, except: Georgia, Michigan, Mississippi, South Carolina, and Texas)*

*Attach endorsement PM 1026B-GA. (Georgia)*

*Attach endorsement PM 1026B-MI. (Michigan)*

*Attach endorsement PM 1026B-MS. (Mississippi)*

*Attach endorsement PM 1026B-SC. (South Carolina)*

#### **Rule 9.51 has been added:**

#### **9.51 Financial Loss Coverage**

Coverage may be provided for Financial Loss Liability. The additional premium per policy is \$75.

Rule 10, Individual Risk Premium Modification, does not apply. Financial loss liability minimum premiums are in addition to any policy minimum premiums.

*Attach endorsement PM 1113B.*

# PHARMACISTS MUTUAL INSURANCE COMPANY

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Rule 10 has been withdrawn and replaced by the following:

#### RULE 10 -- INDIVIDUAL RISK PREMIUM MODIFICATIONS

Individual Risk Premium Modifications will be applied separately to Professional Liability and standard policy premiums.

#### Rule 10.1 – Standard Individual Risk Premium Modifications

The following modifications can be applied to recognize special characteristics of the risk that are not fully reflected in the rating information. The sum of credits or debits developed using the following table cannot exceed 25%. Convert the total credit or debit developed under this rule to a factor and apply to the total standard policy premium after all other rating procedures have been completed.

RISK VARIATIONS	RANGE OF MODIFICATIONS		
	CREDIT		DEBIT
(1) Care and condition of equipment and premises	-10%	to	+10%
(2) Classification variations	-10%	to	+10%
(3) Cooperation of owners or operators regarding recommendations with respect to structural features, segregation, control of hazards and maintenance of protective equipment, and risk evaluation review	-10%	to	+10%
(4) Damage and susceptibility	-10%	to	+10%
(5) Dispersion or concentration	- 5%	to	+ 5%
(6) Employees: selection, training, supervision, experience	- 5%	to	+ 5%
(7) Location: accessibility, congestion, and exposures	-10%	to	+10%
(8) Miscellaneous protective features or hazards	-10%	to	+10%
(9) Protective devices not otherwise reflected in rates	-10%	to	+10%
(10) Storage practices and hazardous operations	-10%	to	+10%
(11) Superior or inferior structural features	-10%	to	+10%

#### Rule 10.2 – Professional Liability Individual Risk Premium Modifications

The following modifications can be applied to recognize special characteristics of the risk that are not fully reflected in the professional liability rating information. The sum of credits or debits developed using the following table cannot exceed 25%. Convert the total credit or debit developed under this rule to a factor and apply to the total Professional Liability premium after all other rating procedures have been completed.

RISK VARIATIONS	RANGE OF MODIFICATIONS		
	CREDIT		DEBIT
(1) Classification variations	-10%	to	+10%
(2) Cooperation with insurer regarding recommendations and/or industry standards with respect to risk management procedures and risk evaluation review	-10%	to	+10%
(3) Employees: selection, training, supervision, experience	- 5%	to	+ 5%
(4) Past losses	-10%	to	+10%
(5) Professional accreditation/sanction	- 15%	to	+15%
(6) Professional services provided	- 10%	to	+10%
(7) Quality control	- 10%	to	+10%



# PHARMACISTS MUTUAL INSURANCE COMPANY

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**Rule 11 has been added:**

#### **RULE 11 — EXPERIENCE RATING PLAN**

Use the Experience Rating Plan to modify the policy premium to recognize an insured's claims payment history and the size of risk.

An Experience Rating Modification shall be applied to the combined total of all Property and General Liability Coverages. This modification shall be applied to all coverages except the professional liability coverages, equipment breakdown, earthquake or terrorism coverages.

This modification shall be calculated based on the size of risk (number of locations on the policy) and the number of paid losses within the 60 month period prior to the effective date of the application or the processing of a renewal.

If a loss is not counted at the first renewal following the claim, we reserve the right to count the incident at the subsequent renewal.

Claims experience is derived from property and general liability losses only. Professional liability, equipment breakdown, earthquake or terrorism claims are not considered for experience rating.

Claims which result from a catastrophic event, which have the same accident date, which may have occurred at multiple locations on the same policy shall be counted as a single loss.

The information required to determine an insured's claims payment history may be obtained from:

- an application signed by the applicant or insured;
- a loss history report or claims history database; and/or
- company internal records.

#### **HIGHER DEDUCTIBLE OPTION**

If, at renewal, it is determined that an insured has had a claim during the experience period of \$500 or less, the insured shall have the option to select a higher deductible. If a higher deductible is selected, the claim will not be included in calculation of the experience rating factor.

#### **CALCULATION OF EXPERIENCE RATING FACTOR:**

$$\left( \frac{\text{Number of Claims}}{\text{Number of Locations} \times \text{Average Number of Claims per location}} \right) \times \left( \frac{\text{Number of Locations}}{\text{Number of Locations} + \text{Credibility}} \right) + \left( 1 - \left( \frac{\text{Number of Locations}}{\text{Number of Locations} + \text{Credibility}} \right) \right)$$

Maximum Credit = 25%

Maximum Debit = 25%

If the policyholder has been in business less than 5 years and they have had no property or general liability losses, apply a factor of 1.00.

# PHARMACISTS MUTUAL INSURANCE COMPANY

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Rule 12 has been added:

#### RULE 12 -- MULTI LOCATION DISCOUNT

Credit will be applied when a policy includes coverage to more than one location. This credit will be determined by the number of locations written on the policy. The Multi Location Discount, as provided in the following table, will be applied to all coverages except Equipment Breakdown.

Number of Locations	Discount
1	0.0%
2	7.5%
3	10.0%
4 to 8	12.5%
9 or more	15.0%

The following has been added to the Countrywide Classification Table:

#### COUNTRYWIDE CLASSIFICATION TABLE

Classification	Stat Code	Rate Groups				
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		Prop	SP	SL	EQ	L
Home Health Care Agency	99059	1	1	m	3	

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**Rule 9.24.4 has been withdrawn and replaced by the following:**

**9.24.4 Pharmacy Professional Liability Including Home Health Care Consultation Services Liability or Home Health Care Services Liability Coverage**

Coverage can be added to forms BP 0100 or BP 0200 for bodily injury, property damage, or personal and advertising injury arising from the following pharmacy services:

Basic - Pharmacy Professional Liability Including Home Health Care Consultation Services.

Basic Plus - Pharmacy Professional Liability Including Home Health Care Consultation Services.

Broad - Pharmacy Professional Liability Including Home Health Care Consultation Services.

Basic - Pharmacy Professional Liability Including Home Health Care Services.

Basic Plus - Pharmacy Professional Liability Including Home Health Care Services.

Broad - Pharmacy Professional Liability Including Home Health Care Services.

**Pharmacy Professional Liability Limit Factors**

limit	factor
300,000	0.75
500,000	0.86
1,000,000	1.00
2,000,000	1.20

To determine the Pharmacy Professional Liability Including Home Health Care Consultation Services Liability or Home Health Care Services Liability premium:

Step 1 - determine the percentage of filled prescriptions that falls into each of the following categories; the sum of these 4 groups must equal 100%.

- non-compounded,
- non-sterile simple compounded
- non-sterile complex compounded
- sterile compounded.

Step 2 – Non-compounded prescription premium:

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of non-compounded prescriptions. Gross receipts include the total amount collected for prescriptions, drugs, and pharmacy services.
- b) Multiply the result of Step 2.a) by the appropriate rate for non-compounded prescriptions, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit factor.

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- c) When risk management equipment is utilized, multiply the result of Step 2.b) by the appropriate credit for risk management equipment. A 5% credit shall be provided for each piece of equipment. A 10% credit shall be applied if the risk management equipment is a PassRx. The total credit for risk management equipment may not exceed 15%.

**Step -3 – Non-sterile simple compounded prescription premium:**

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of non-sterile simple compounded prescriptions,
- b) Multiply the result of Step 3.a) by the appropriate rate for non-sterile simple compounded prescriptions shown in the state Businessowners Manual Exception Pages and by the appropriate Pharmacy Professional Liability Limit factor.

**Step 4 – Compounding Modification Factor:**

- a) Add the percent of compounded prescriptions from Non-Sterile Complex and Sterile Compounding. From this sum subtract 20%. If the result is less than 0%, use 0%.
- b) The Compounding Modification Factor equals 1 minus the lesser of Step 4.a) or 30%.

**Step 5 - Non-Sterile Complex Compounded prescription premium:**

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of Non-Sterile Complex Compounded prescriptions.
- b) Multiply the result of Step 5.a) by the base (state specific) Not-Sterile Complex Compounding rate, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit factor.
- c) Multiply the result of Step 5.b) by the Compounding Modification Factor as determined in Step 4.b).

**Step 6 - Sterile Compounded prescription premium:**

- a) Multiply the pharmacy's annual gross receipts, in thousands, by the percentage of Sterile Compounded prescriptions.
- b) If the insured is compounding intrathecal or epidural injectibles, multiply the result of Step 6.a) by the base (state specific) Sterile Compounding with intrathecal or epidural injectibles, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit factor; otherwise, multiply the result of Step 6.a) by the base (state specific) Sterile Compounding without intrathecal or epidural injectibles rate, shown in the state Businessowners Manual Exception Pages, and by the appropriate Pharmacy Professional Liability Limit factor.

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- c) Multiply the result of Step 6.b) by the Compounding Modification Factor as determined in Step 4.b).

Step 7 - Add the results of Steps 2, 3, 5 and 6.

Step 8 - If the insured is either URAC or PCAB accredited, apply a 15% discount to the result of Step 7; if the insured is both URAC and PCAB accredited, apply a 25% discount to the result of Step 7.

Step 9 – Add the premium generated for either Home Health Care Consultation Services Liability (*Rule 9.24.7*) or Home Health Care Services Liability (*Rule 9.24.8*) to the result of Step 8 to determine the total Pharmacy Professional Liability Including Home Health Care Consultation Services Liability or Home Health Care Services Liability premium.

The Pharmacy Professional Liability Including Home Health Care Consultation Services endorsement contains provisions for the following limits:

**Each Occurrence Limit** – The Pharmacy Professional Liability Including Home Health Care Consultation Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for pharmacy services and professional consultation services.

**Aggregate Limit** -- The Pharmacy Professional Liability Including Home Health Care Consultation Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for pharmacy services and home health care consultation services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

*Attach endorsement PM 1146-IL for Basic Coverage for Pharmacy Professional Liability Including Home Health Care Consultation Services.*

*Attach endorsement PM 1147-IL for Basic Plus Coverage for Pharmacy Professional Liability Including Home Health Care Consultation Services.*

*Attach endorsement PM 1148-IL for Broad Coverage for Pharmacy Professional Liability Including Home Health Care Consultation Services.*

The Pharmacy Professional Liability Including Home Health Care Services endorsement contains provisions for the following limits:

**Each Occurrence Limit** – The Pharmacy Professional Liability Including Home Health Care Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for pharmacy services and home health care services.

**Aggregate Limit** -- The Pharmacy Professional Liability Including Home Health Care Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for pharmacy services and home health care services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

*Attach endorsement PM 1149-IL for Basic Coverage for Pharmacy Professional Liability Including Home Health Care Services.*

*Attach endorsement PM 1150-IL for Basic Plus Coverage for Pharmacy Professional Liability Including Home Health Care Services.*

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*Attach endorsement PM 1151-IL for Broad Coverage for Pharmacy Professional Liability Including Home Health Care Services.*

**Rule 9.24.7 has been deleted from the Countrywide Exception Pages and replaced by the following:**

**9.24.7 Home Health Care Consultation Services Liability**

Coverage may be provided for Home Health Care Consultation Services Liability. The additional premium charge is computed by multiplying the rate shown by the gross receipts (in thousands) for professional consultation services plus the per person charge. Gross receipts for home health care consultation services include the total amount collected from medical equipment or devices, health care products and home health care consultation services.

Limit	Home Health Care Consultation Services Rates/\$1,000 of GROSS RECEIPTS
\$ 300,000	\$1.20
\$ 500,000	\$1.40
\$1,000,000	\$1.60
\$2,000,000	\$2.00

Limit	Home Health Care Professional and/or Home Health Care Provider Charge (Per Person)
\$ 300,000	\$16.00
\$ 500,000	\$20.00
\$1,000,000	\$25.00
\$2,000,000	\$35.00

Home Health Care Consultation Services Liability coverage is either included with Pharmacy Professional Liability for pharmacy risks (*under PM 1146-IL, PM 1147-IL & PM 1148-IL*), or provided separately with the Professional Consultation Services Liability endorsement for non-pharmacy risks.

When attached, the Home Health Care Consultation Services Liability endorsement includes provisions for the following limits:

**Each Occurrence Limit** – The Home Health Care Consultation Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for professional consultation services.

**Aggregate Limit** -- The Home Health Care Consultation Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for home health care consultation services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

*Attach endorsement PM 1093B-IL for Non-pharmacy risk.*

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**Rule 9.24.8 has been deleted from the Countrywide Exception Pages and replaced by the following:**

**9.24.8 Home Health Care Services Liability Coverage**

Coverage may be provided for Home Health Care Services Liability. The additional premium charge is computed by multiplying the rate shown by the gross receipts (in thousands) for home health care services plus the per person charges. Gross receipts for home health care services include the total amounts collected from medical equipment or devices, health care products, and home health care services.

Limit	Home Health Care Services Rates/\$1,000 of GROSS RECEIPTS
\$ 300,000	\$1.20
\$ 500,000	\$1.40
\$1,000,000	\$1.60
\$2,000,000	\$2.00

Limit	First Home Health Care Professional Charge	Additional Home Health Care Professional Charge (Per Person)	Home Health Care Services Provider Charge (Per Person)
\$ 300,000	\$800	\$160	\$16
\$ 500,000	\$1000	\$200	\$20
\$1,000,000	\$1200	\$250	\$25
\$2,000,000	\$1600	\$350	\$35

Home Health Care Services Liability coverage is either included with Pharmacy Professional Liability for pharmacy risks (*under PM 1149-IL, PM 1150-IL & PM 1151-IL*), or provided separately with the Home Health Care Services Liability endorsement for non-pharmacy risks.

When attached, the Home Health Care Services Liability endorsement includes provisions for the following limits:

**Each Occurrence Limit** – The Home Health Care Services - Each Occurrence Limit is the most that will be paid for all damages arising out of a single occurrence covered for home health care services.

**Aggregate Limit** -- The Home Health Care Services - Aggregate Limit is the most that will be paid during each annual policy period for damages arising out of claims covered for home health care services. The rating for this coverage reflects an Aggregate Limit equal to two times the Each Occurrence Limit.

*Attach endorsement PM 1098B-IL for Non-pharmacy risk.*

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**Rule 9.49 has been added:**

**9.49 Prescription Products Liability Exclusion**

Prescription Products Liability can be excluded under the Commercial Liability Coverage when a separate Pharmacy Professional Liability Including Home Health Care Consultation Services policy is also provided for the risk. There is no premium change for adding this endorsement; however, pharmacy receipts should not be included in the rating basis for Products Liability under the Commercial Liability Coverage. Pharmacy receipts include total amounts collected from customers for prescriptions and pharmacy services.

*Attach Endorsement PM 1117B.*

**Rule 9.50 has been added:**

**9.50 Pharmacy Professional Liability Extension**

This option is only available when the Businessowners policy is being cancelled at the insureds request due to the sale or closure of the business.

Pharmacy Professional Liability coverage can be extended for bodily injury or property damage which occurs after the policy cancellation date, provided that the incident causing the bodily injury or property damage, such as dispensing a prescription, occurred while the policy was in force.

The extension term is provided for a maximum of 6-months, beginning on the policy cancellation date and ending after 182 days, unless other dates are shown on the policy endorsement.

To determine the additional premium for this Extension, multiply the policy's annual Pharmacy Professional Liability Including Home Health Care Consultation Services premium (see Rule 9.24.4) by 2.0%, subject to a minimum \$100.00 premium. The additional premium charged is fully earned and cannot be cancelled once accepted.

*Attach endorsement PM 1118B.*

**Rule 9.52 has been added:**

**9.52 Immunization Liability Coverage**

Coverage may be provided for Immunization Liability when a non-employee immunization provider administers immunizations on the insured's behalf. The additional premium charge is computed by pro-rating the annual Home Health Care Professional per person charge from Rule 9.24.8 for the period that Immunization Liability coverage is provided, subject to a minimum \$100.00 premium.

*Attach endorsement PM 1130B.*